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# MISSOURI

## LEGAL MALPRACTICE INSURANCE REPORT 2003

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MISSOURI DEPARTMENT OF INSURANCE  
STATISTICS SECTION

**MISSOURI  
LEGAL  
MALPRACTICE  
INSURANCE  
REPORT  
2003**

**Missouri Department of Insurance  
Statistics Section  
July 2004**

# Other Publications

## Available from the MO Department of Insurance

The Missouri Department of Insurance publishes the following reports. These reports are available by sending a written request along with \$35 to:

**Missouri Department of Insurance**  
**P.O. Box 690**  
**Jefferson City, MO 65102-0690**

1. **Missouri Complaint Index Report**  
summary information: <http://www.insurance.mo.gov/reports/complaint/index.htm>
2. **Missouri Department of Insurance Annual Report**  
summary information: [http://www.insurance.mo.gov/aboutMDI/annual\\_report.htm](http://www.insurance.mo.gov/aboutMDI/annual_report.htm)
3. **Missouri Life, Accident & Health Supplement Data**  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
4. **Missouri Market Share Report**  
summary information: <http://www.insurance.mo.gov/reports/mktshr.htm>
5. **Missouri Medical Malpractice (Closed Claim) Report**  
summary information: <http://www.insurance.mo.gov/reports/medmal/index.htm>
6. **Missouri Product Liability (Closed Claim) Report**  
summary information: <http://www.insurance.mo.gov/reports/prodliab/index.htm>
7. **Missouri Property & Casualty Supplement Report**  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
8. **Missouri Real Estate Malpractice (Closed Claim) Report**  
summary information: <http://www.insurance.mo.gov/reports/remal/index.htm>
9. **Mortgage Guaranty Report**  
summary information: <http://www.insurance.mo.gov/reports/mortguar/index.htm>
10. **Private Passenger Automobile Report**  
summary information: <http://www.insurance.mo.gov/reports/ppauto.pdf>
11. **Missouri Health Maintenance Organization Report**  
summary information: <http://www.insurance.mo.gov/reports/hmo/index.htm>

**Databases:** For more information: <http://www.insurance.mo.gov/reports/index.htm#aggdata>

1. Medicare Supplement Experience Data
2. Commercial Liability Experience Data
3. Missouri Zip Code Insurance Data for:
  - Homeowners/Dwelling Fire,
  - Farmowners (dwelling only),
  - Mobile Home,
  - Earthquake, and
  - Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at (573) 751-4126.

## DEFINITION OF TERMS

**Indemnity Paid:** The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from coverage in prior years and exclude amounts which will be paid in future years for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

**Loss Adjustment Expenses:** The cost involved in an insurance companies adjustment of losses under a policy.

**Direct Premiums Written:** The dollar amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

**Direct Premiums Earned:** The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

**Direct Losses Incurred:** The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

**Loss Ratio:** The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

## **LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY**

This report summarizes the legal malpractice insurance experience in Missouri from 1994 to 2003.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 26 Supplement to the companies' annual statements, are presented in the final section.

In 2003 the loss ratio for legal malpractice insurance in Missouri was 29 percent, extremely low for casualty insurance and well below the 47 percent average of the past decade. For the 10-year period of claims closed<sup>1</sup>, 697 (26 percent) were closed with payment. Claims closed in 2003 totaled 273, a 24 percent increase from the previous year, and 63 involved payments. The average payment was \$105,729.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense (legal fees, claims adjustment costs, etc.) - has fluctuated over the past 10 years. In 2003, the average loss adjustment expense for all claims closed with payment was of \$41,428, compared to \$27,609 the previous year.

In producing this report, indemnities paid on closed claims have been categorized by claim characteristics. The number of closed claims, average paid claim and the total amount paid are included. The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant.
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred.
- Alleged error or omission that was the most significant reason for making the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

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<sup>1</sup>Claims closed may have resulted from incidents in any previous period.

By area of law, the largest share of claims closed in 2003 (77 of 273) was initiated by plaintiffs in *personal injury and property damage cases*.

The largest proportion of all claims closed in 2003, as well as the 10 years, involved the *commencement of the legal action or proceeding*. *Failure to know or ascertain deadlines correctly* was the most common reason stated for filing a claim in 2003. That alleged error also generated the largest number of claims over the 10-year span — 436 — followed by *planning or strategy error* with 322 closed claims. Of all claims paid during 2003, 51 percent were settled *before filing suit or demanding hearing* on the alleged malpractice.

In the last two sections of the indemnity analysis, years admitted to practice and insured/claimant relationship are also reported. The three spans of years admitted to practice are: *under 4 years*, *4 to 10 years* and *more than 10 years*. The largest proportion of losses in 2003 — 94 percent — occurred among attorneys with *more than 10 years in practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service*, *non-client*, *member of pre-paid legal plan* and *client other than free legal service or pre-paid legal plan*. Most claims of 2003 — 94 percent — occurred in the category of *client other than free legal service or member of pre-paid legal plan*.

Only seven companies reported writing legal malpractice insurance and submitted closed claim data in Missouri for 2003. The Bar Plan Mutual Insurance Company commanded at least 89 percent of the legal malpractice insurance market in this state.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

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**TEN YEAR  
SUMMARY  
(1994 - 2003)**

# LEGAL MALPRACTICE EXPERIENCE

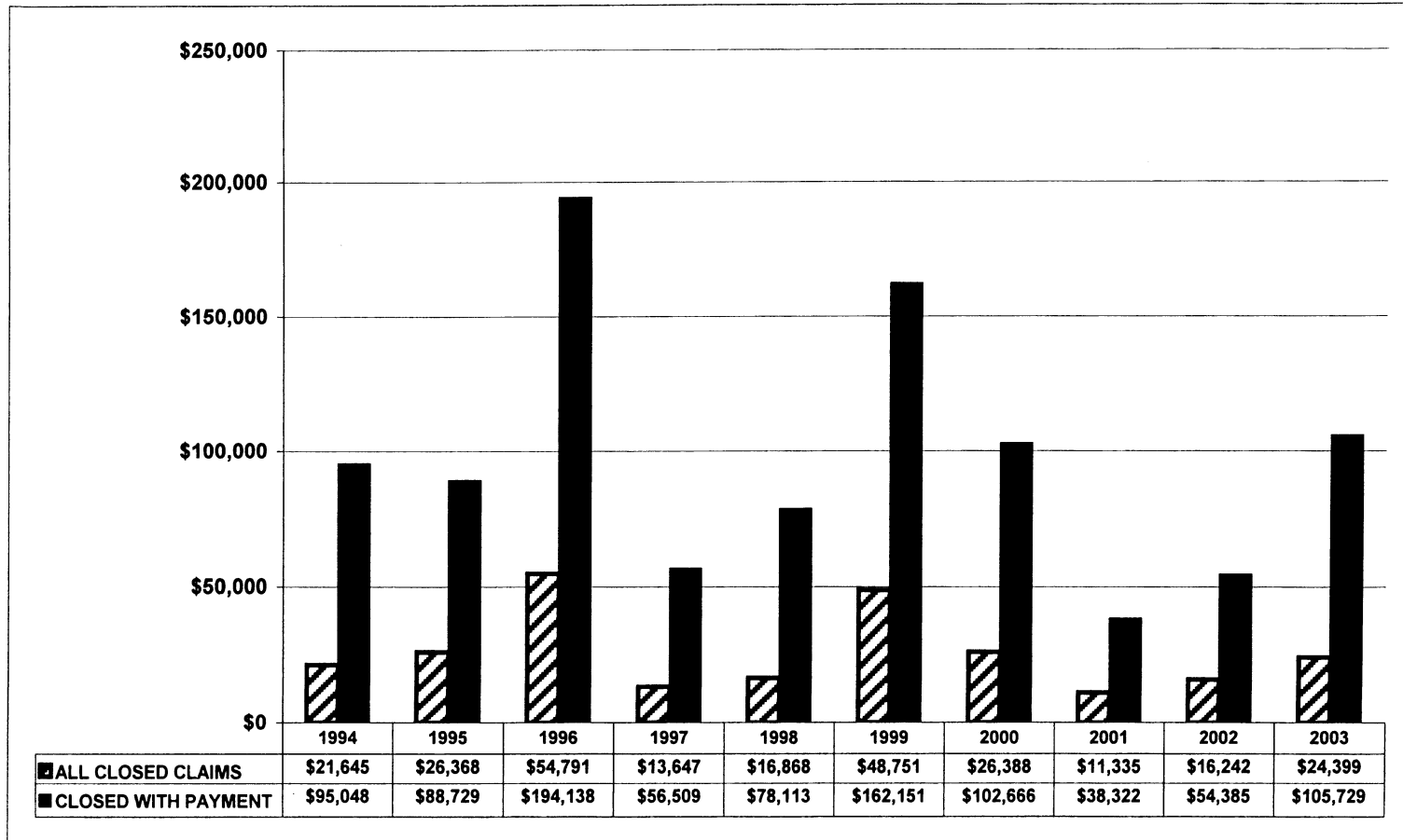
## TEN YEAR SUMMARY

(1994 – 2003)

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	2,659	100.0%	\$71,115,959	\$26,745	\$27,679,959	\$10,410
Closed with Payment	697	26.2%	\$71,115,959	\$102,032	\$17,139,502	\$24,590
Closed without Payment	1,962	73.8%	\$0	\$0	\$10,540,457	\$5,372
Claims Settled Through Court Proceedings	215	8.1%	\$8,471,497	\$39,402	\$8,322,810	\$38,711
Court Proceedings Resulting in Payment	46	1.7%	\$8,471,497	\$184,163	\$3,647,081	\$79,284

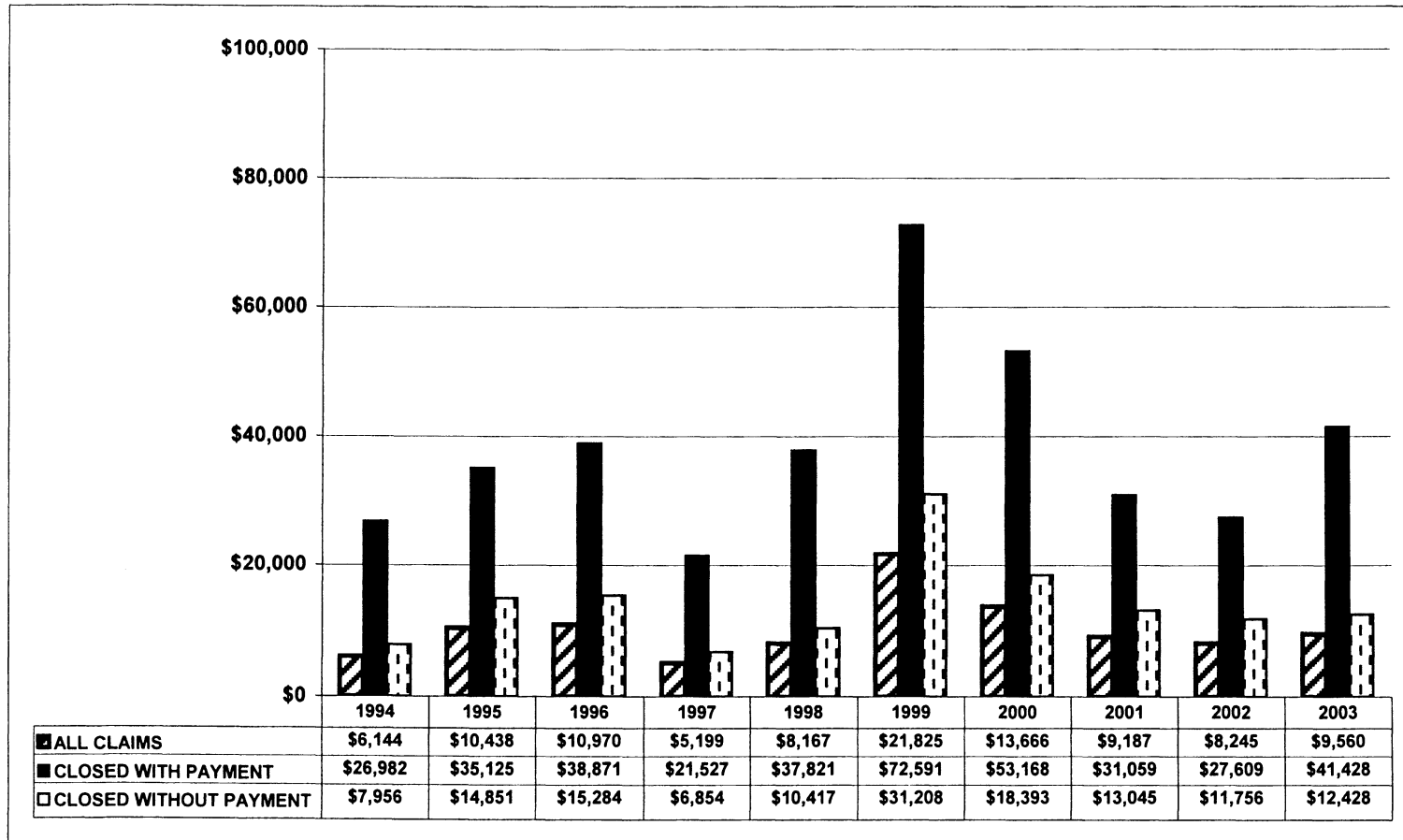
# MISSOURI LEGAL MALPRACTICE INSURANCE

## AVERAGE PAID CLAIM



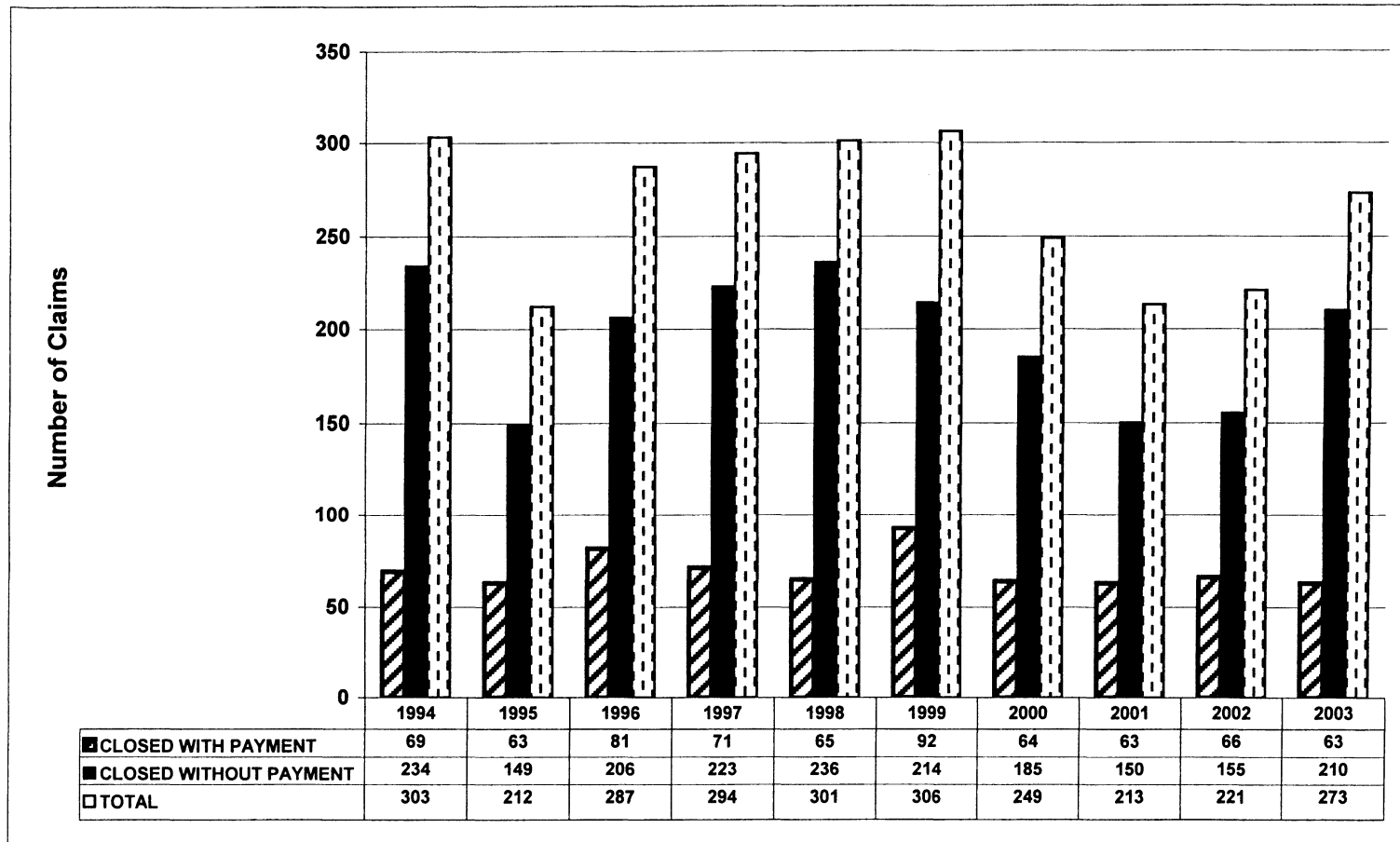
# MISSOURI LEGAL MALPRACTICE INSURANCE

## AVERAGE PAID LOSS ADJUSTMENT EXPENSE



# MISSOURI LEGAL MALPRACTICE INSURANCE

## CLAIM COUNT 1994 - 2003



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
AREA OF LAW**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1994 – 2003

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	699	264	37.88%	\$85,373	\$22,538,476	31.69%	\$6,328
FAMILY LAW	312	61	8.75%	\$46,447	\$2,833,288	3.98%	\$5,917
ESTATE, TRUST & PROBATE	293	85	12.20%	\$64,359	\$5,470,540	7.69%	\$9,654
COLLECTION & BANKRUPTCY	278	64	9.18%	\$67,654	\$4,329,887	6.09%	\$4,119
REAL ESTATE	223	47	6.74%	\$70,784	\$3,326,847	4.68%	\$5,792
BUSINESS TRANSACTION/COMMERCIAL LAW	210	59	8.46%	\$207,934	\$12,268,099	17.25%	\$25,625
CRIMINAL	115	11	1.58%	\$32,432	\$356,750	0.50%	\$4,137
WORKERS COMPENSATION	111	34	4.88%	\$33,036	\$1,123,224	1.58%	\$3,117
BI/PD - DEFENDANT	94	18	2.58%	\$185,379	\$3,336,830	4.69%	\$11,213
CORPORATE & BUSINESS ORGANIZATION	73	15	2.15%	\$106,906	\$1,603,587	2.25%	\$20,736
CIVIL RIGHTS & COMMISSION	55	4	0.57%	\$184,500	\$738,000	1.04%	\$6,947
CONSUMER CLAIMS	33	3	0.43%	\$32,050	\$96,150	0.14%	\$10,444
LABOR LAW	32	7	1.00%	\$133,214	\$932,500	1.31%	\$10,498
SECURITIES (S.E.C.)	31	3	0.43%	\$2,971,603	\$8,914,809	12.54%	\$137,049
LOCAL GOVERNMENT	25	3	0.43%	\$13,000	\$39,000	0.05%	\$20,162
TAXATION	25	7	1.00%	\$83,357	\$583,499	0.82%	\$20,226
PATENTS, TRADEMARKS, COPYRIGHTS	21	5	0.72%	\$65,000	\$325,000	0.46%	\$16,727
CONSTRUCTION (BUILDING CONTRACTS)	8	2	0.29%	\$200,000	\$400,000	0.56%	\$13,810
GOVERNMENT CONTRACTS & CLAIMS	7	2	0.29%	\$833,631	\$1,667,262	2.34%	\$46,677
ANTITRUST	6	1	0.14%	\$3,945	\$3,945	0.01%	\$20,953
IMMIGRATION & NATURALIZATION	6	1	0.14%	\$213,267	\$213,267	0.30%	\$21,007
ADMIRALTY	2	1	0.14%	\$15,000	\$15,000	0.02%	\$6,718
<b>TOTAL</b>	<b>2,659</b>	<b>697</b>	<b>100.00%</b>	<b>\$102,032</b>	<b>\$71,115,959</b>	<b>100.00%</b>	<b>\$10,410</b>

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2003

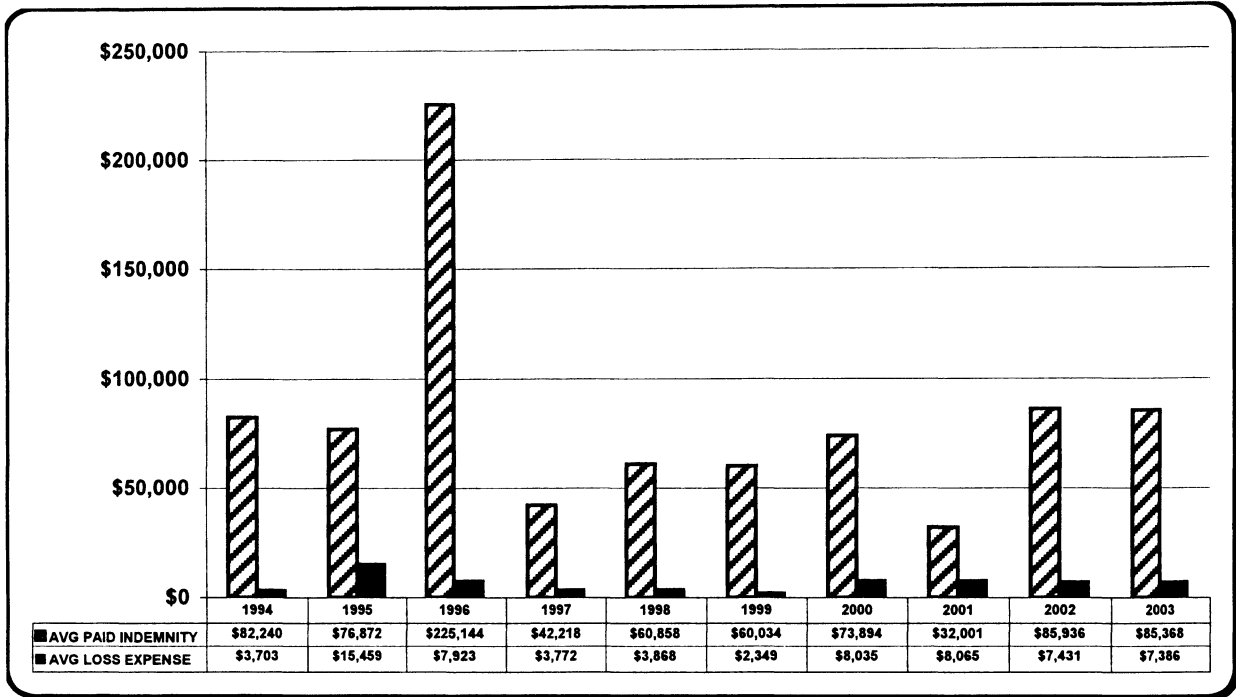
AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	77	29	46.03%	\$85,368	\$2,475,681	37.17%	\$7,386
FAMILY LAW	34	1	1.59%	\$33,423	\$33,423	0.50%	\$5,135
COLLECTION & BANKRUPTCY	29	5	7.94%	\$20,604	\$103,021	1.55%	\$2,835
BUSINESS TRANSACTION/COMMERCIAL LAW	25	4	6.35%	\$93,500	\$374,000	5.61%	\$8,549
ESTATE, TRUST & PROBATE	24	6	9.52%	\$74,126	\$444,754	6.68%	\$21,808
REAL ESTATE	21	3	4.76%	\$795,747	\$2,387,240	35.84%	\$880
WORKERS COMPENSATION	13	6	9.52%	\$35,489	\$212,934	3.20%	\$3,462
BI/PD - DEFENDANT	12	2	3.17%	\$81,250	\$162,500	2.44%	\$31,572
CRIMINAL	12	1	1.59%	\$28,000	\$28,000	0.42%	\$7,216
CORPORATE & BUSINESS ORGANIZATION	11	3	4.76%	\$56,196	\$168,587	2.53%	\$23,413
CIVIL RIGHTS & COMMISSION	7	0	0.00%	\$0	\$0	0.00%	\$5,575
LOCAL GOVERNMENT	2	1	1.59%	\$27,500	\$27,500	0.41%	\$85,452
PATENTS, TRADEMARKS, COPYRIGHTS	2	0	0.00%	\$0	\$0	0.00%	\$0
GOVERNMENT CONTRACTS & CLAIMS	1	0	0.00%	\$0	\$0	0.00%	\$0
IMMIGRATION & NATURALIZATION	1	1	1.59%	\$213,267	\$213,267	3.20%	\$50,922
SECURITIES (S.E.C.)	1	1	1.59%	\$30,000	\$30,000	0.45%	\$0
TAXATION	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	273	63	100.00%	\$105,729	\$6,660,907	100.00%	\$9,560

**TRENDS  
OF THE TOP TEN  
AREAS OF LAW  
OF 2003**

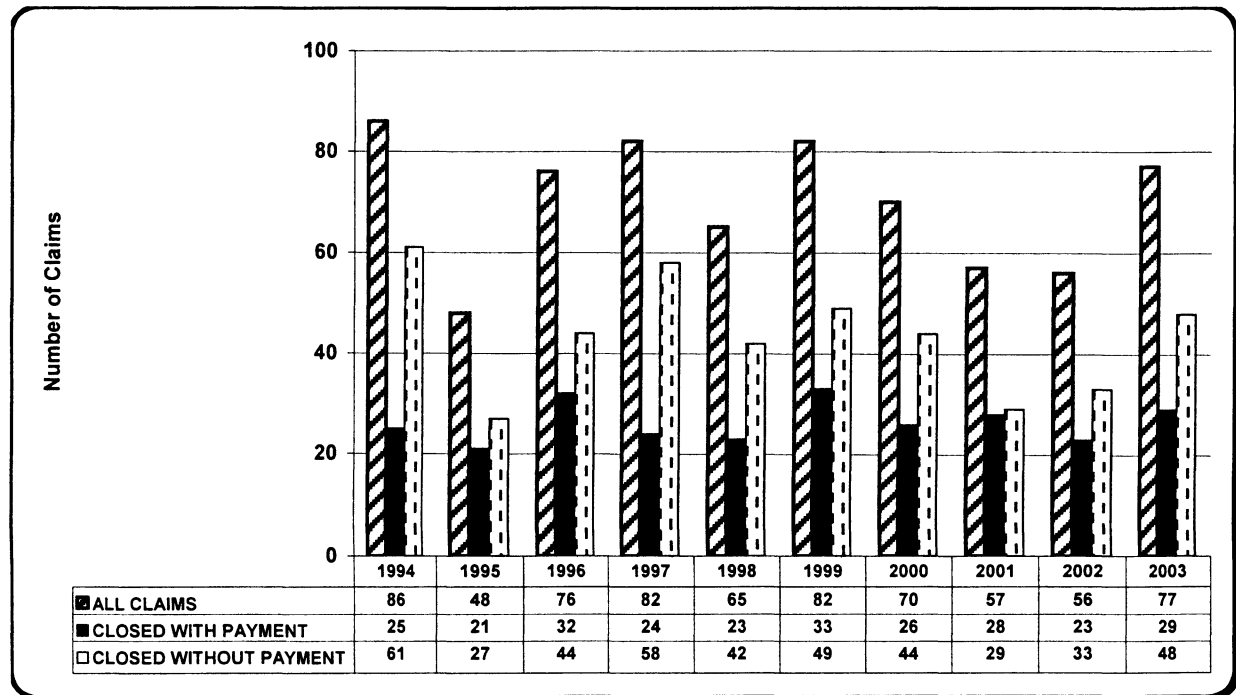


## PERSONAL INJURY/PROPERTY DAMAGE - PLAINTIFF

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

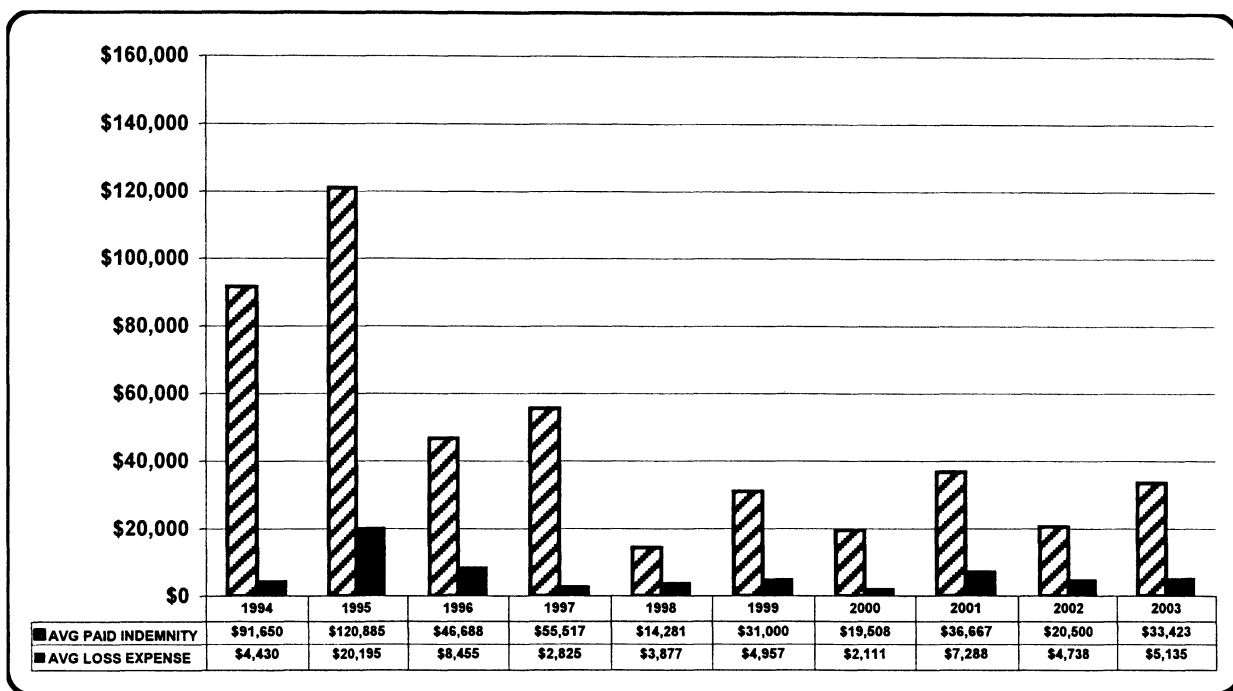


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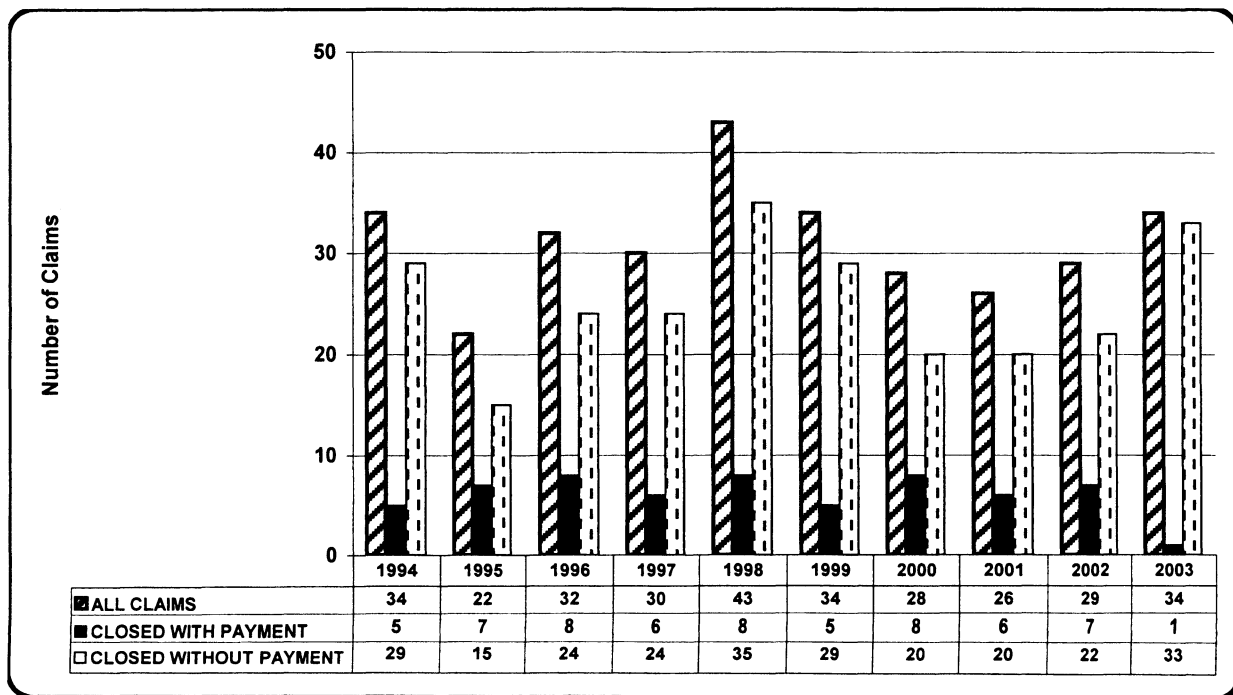


## FAMILY LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

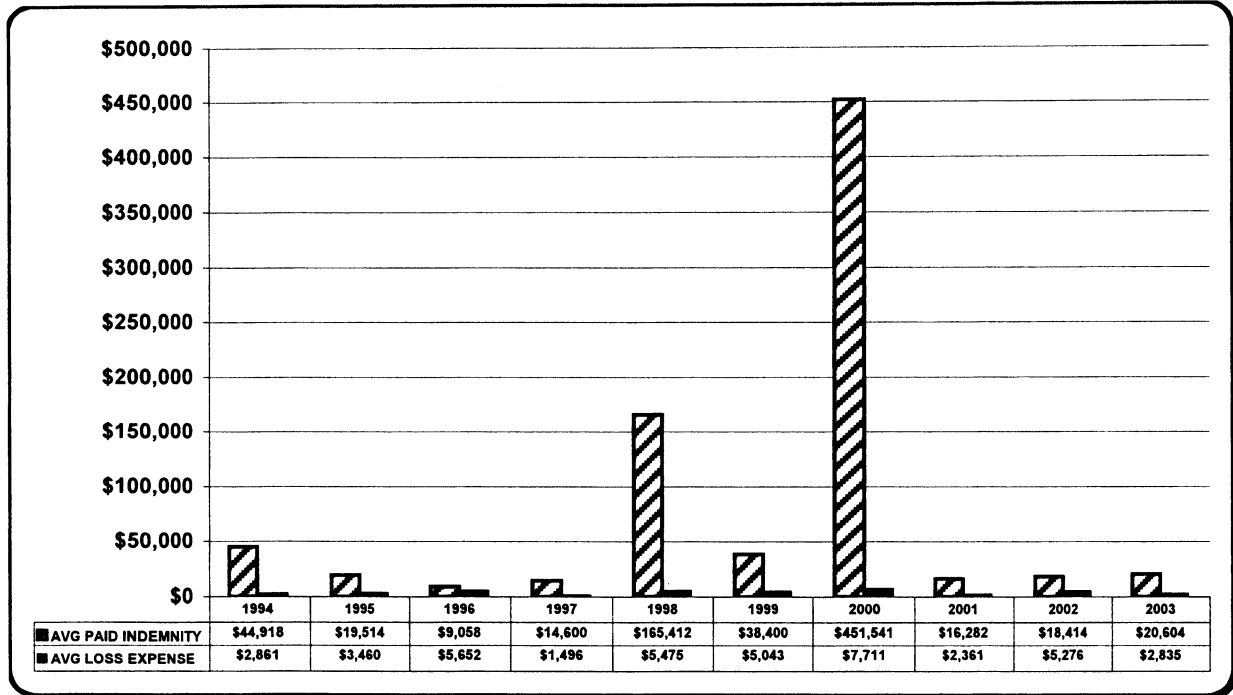


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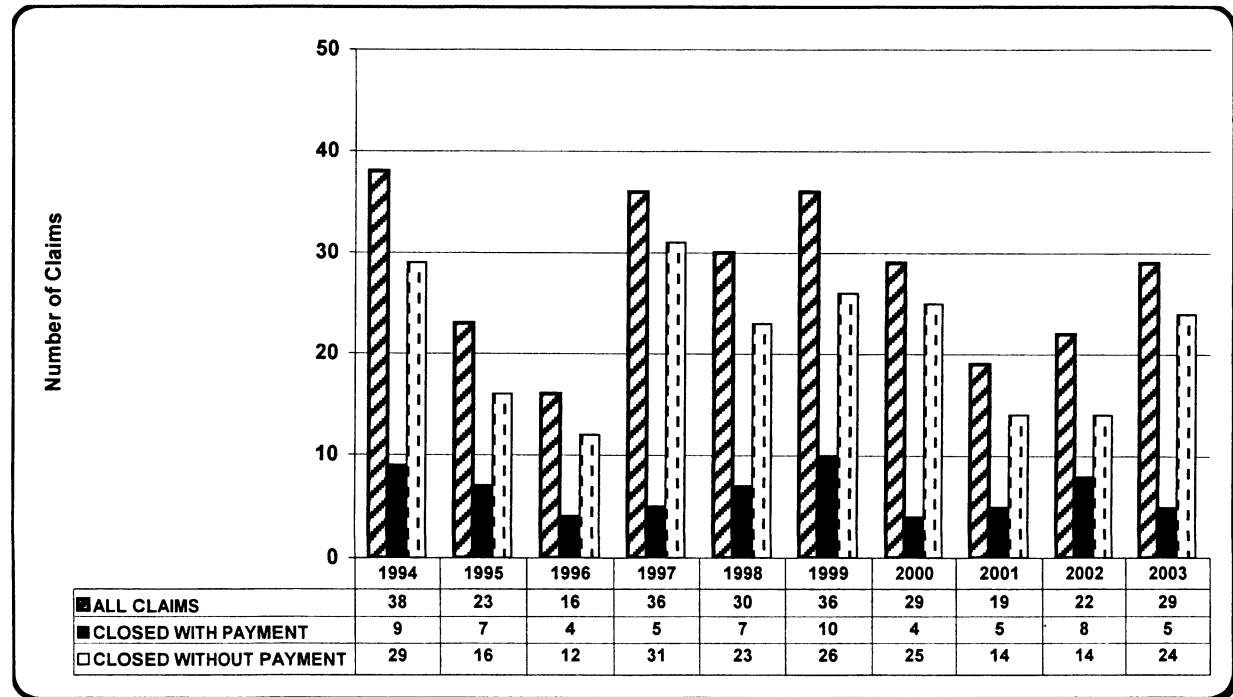


## COLLECTION & BANKRUPTCY

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

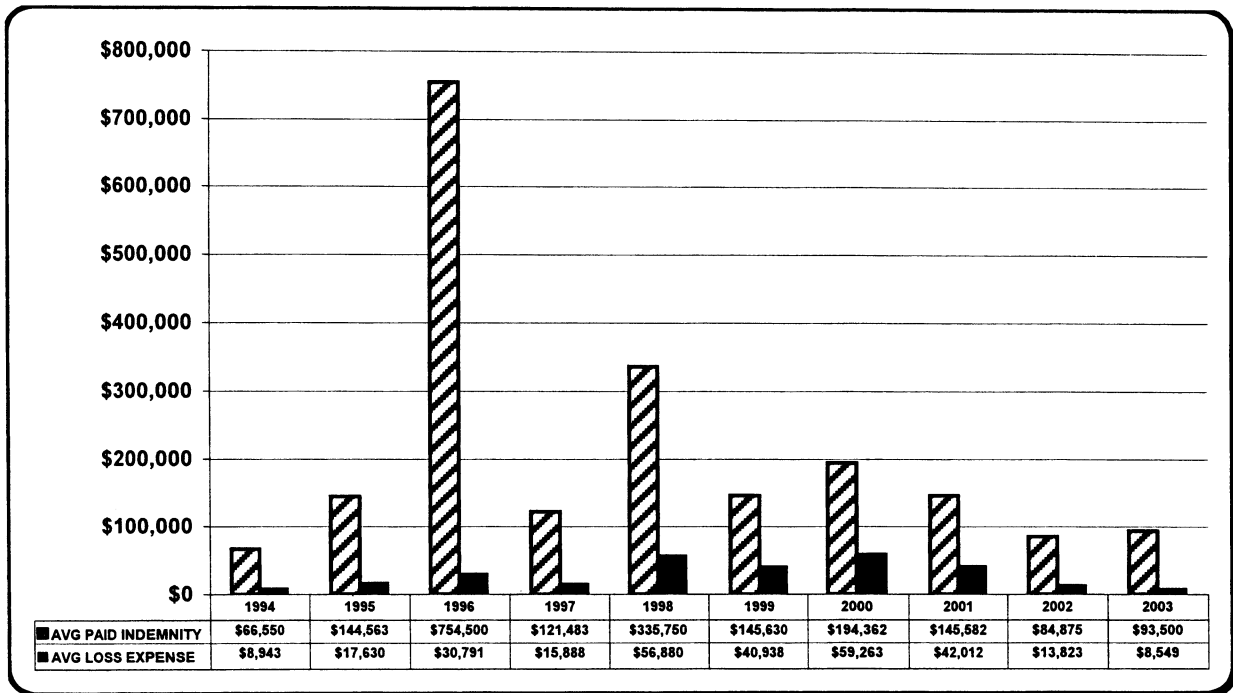


### CLAIM COUNT

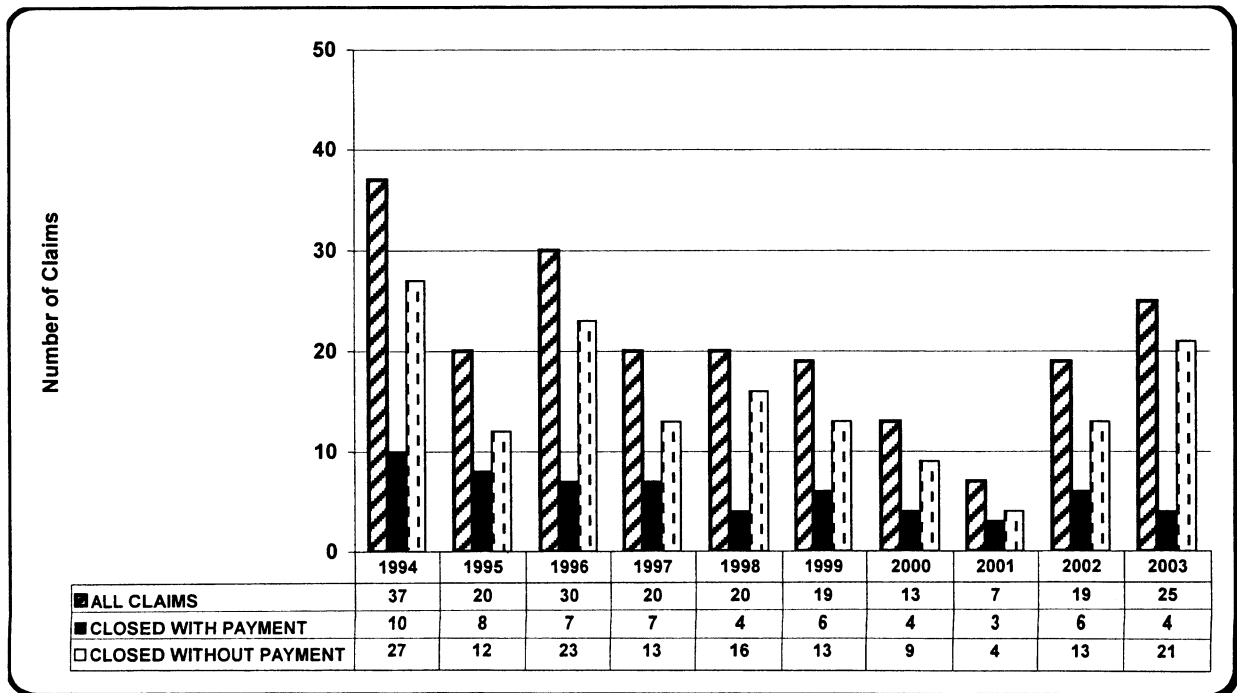


## BUSINESS TRANSACTION/COMMERCIAL LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

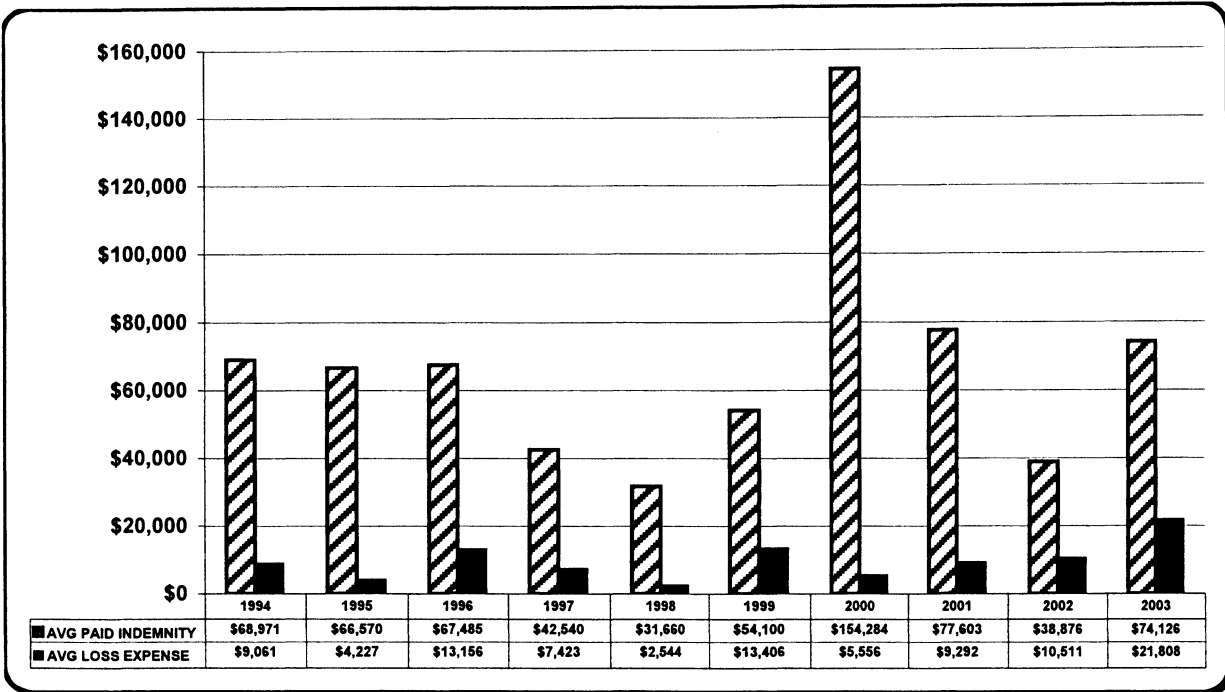


### CLAIM COUNT

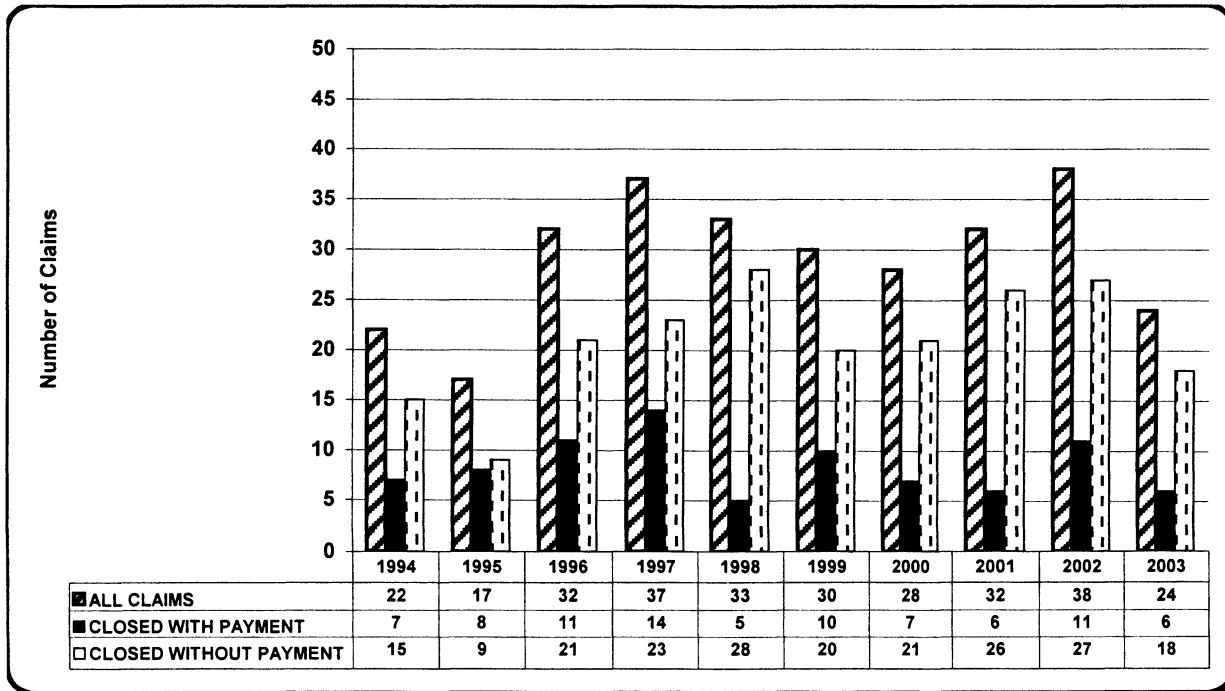


## ESTATE, TRUST & PROBATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

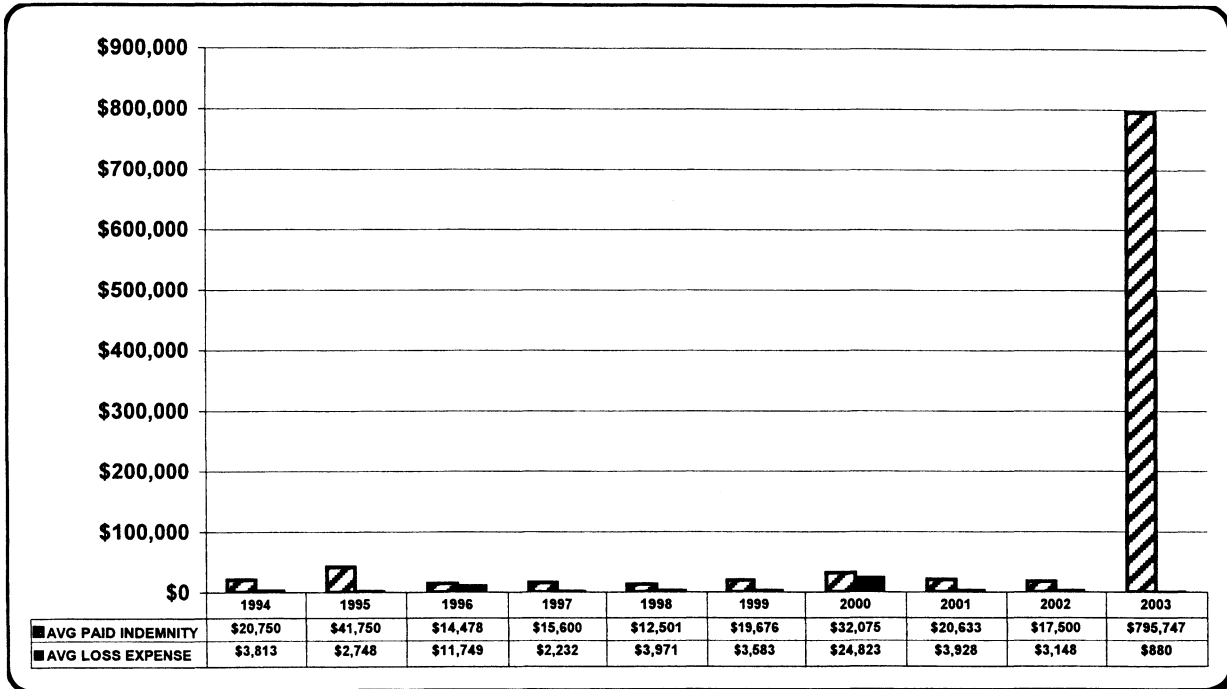


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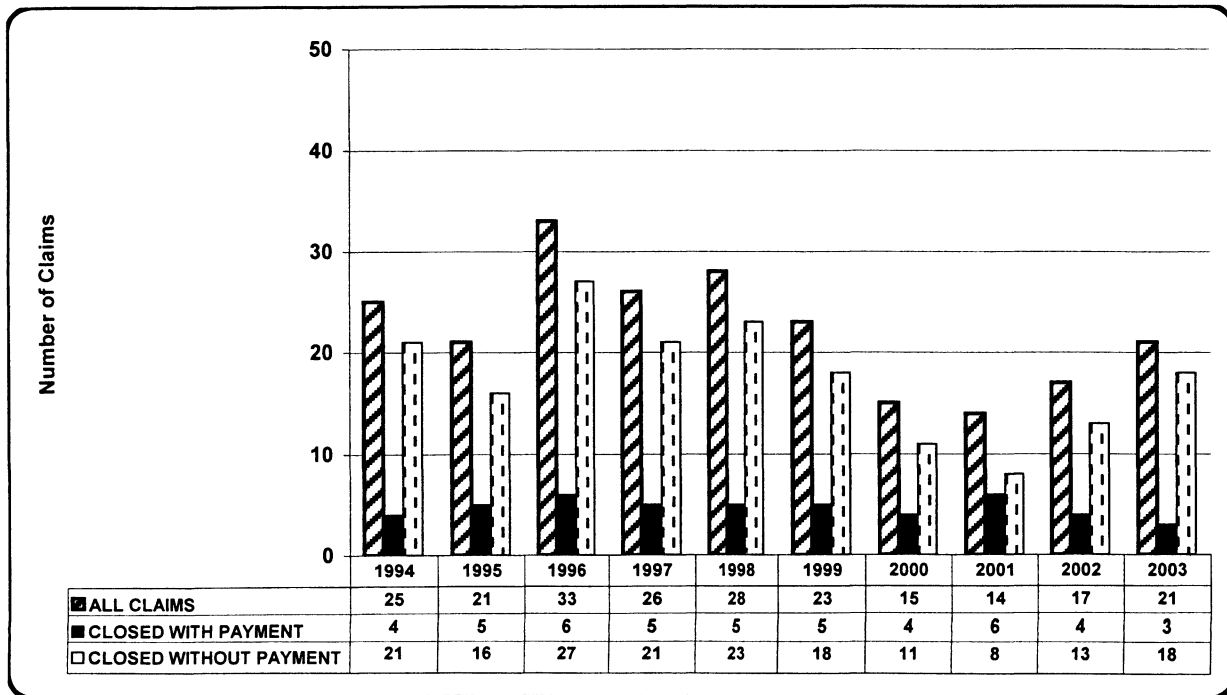


## REAL ESTATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

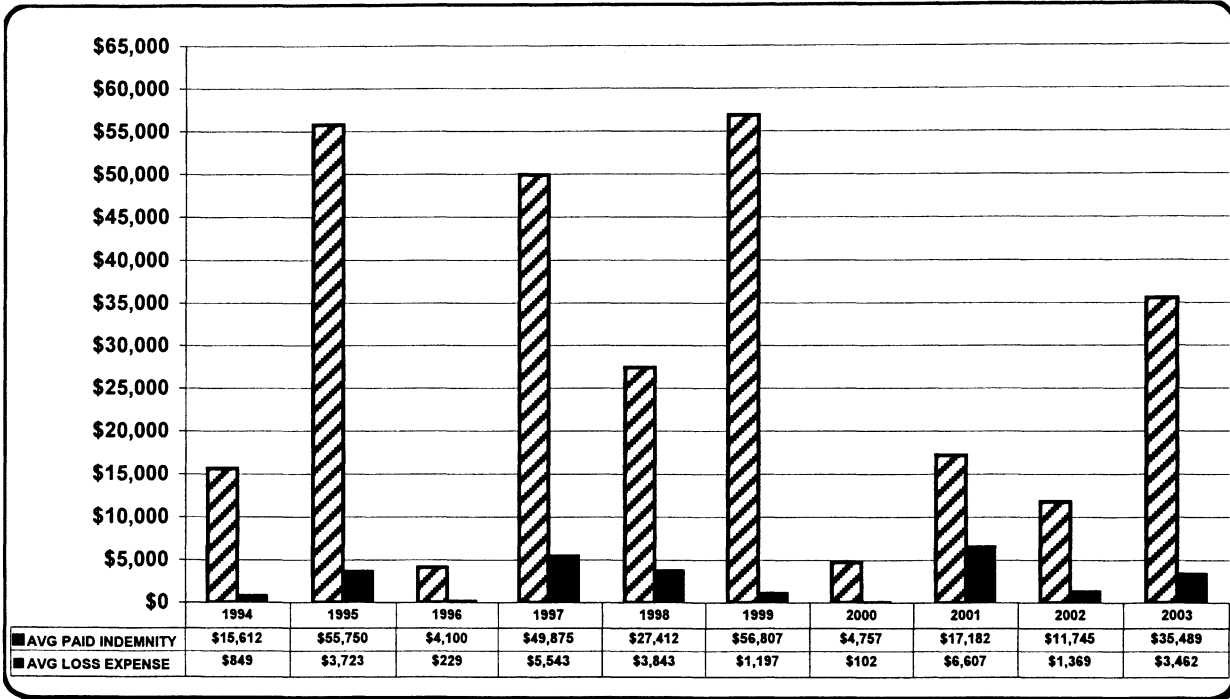


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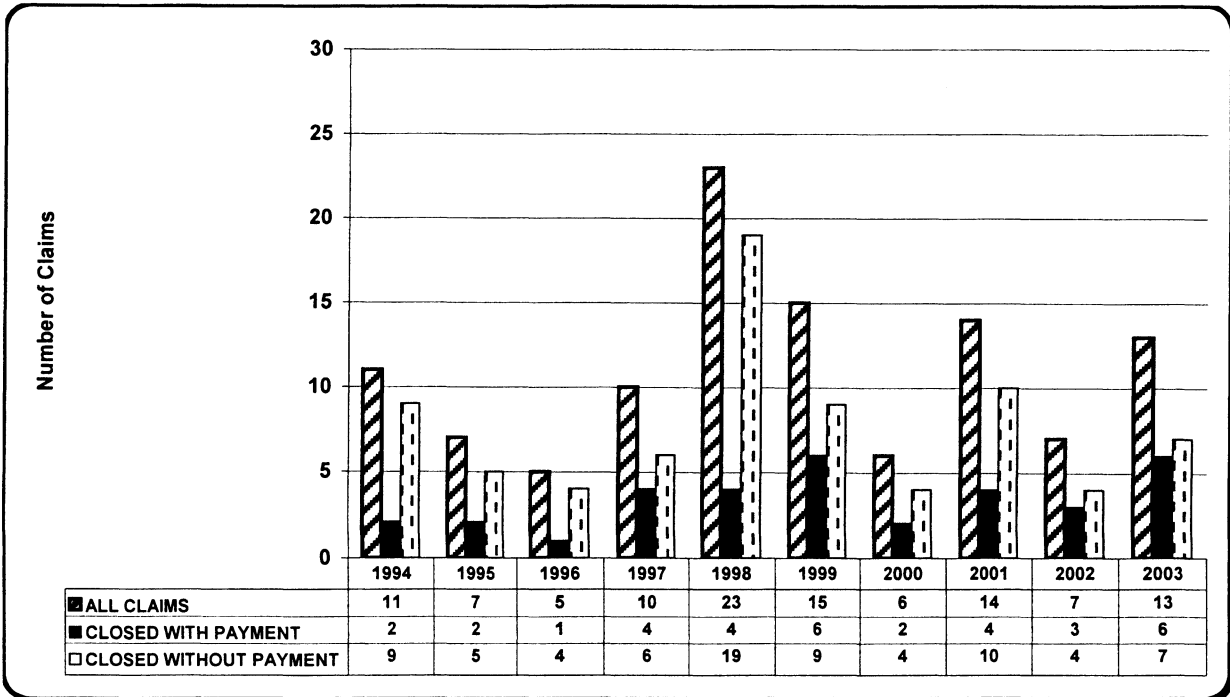


## WORKERS COMPENSATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

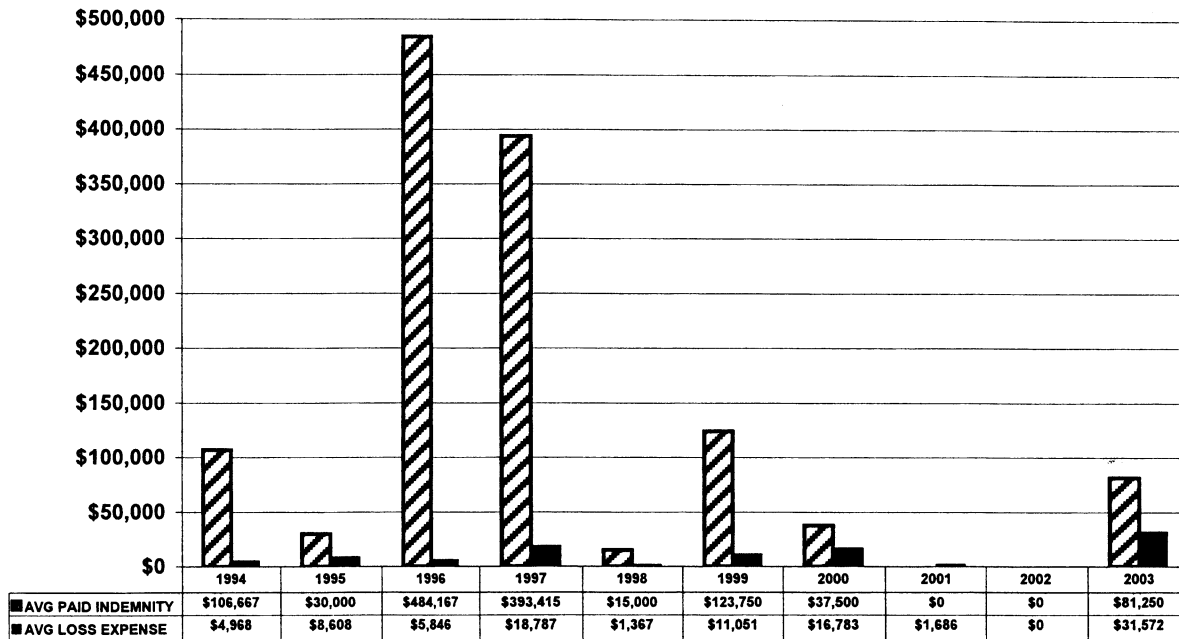


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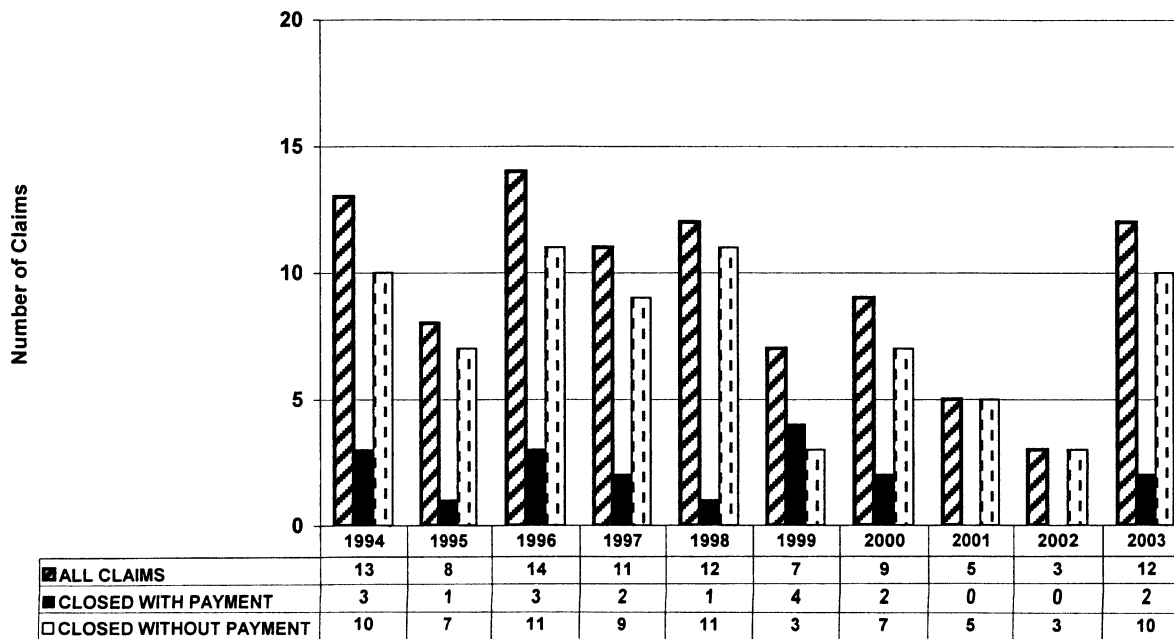


## PERSONAL INJURY/PROPERTY DAMAGE - DEFENDANT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

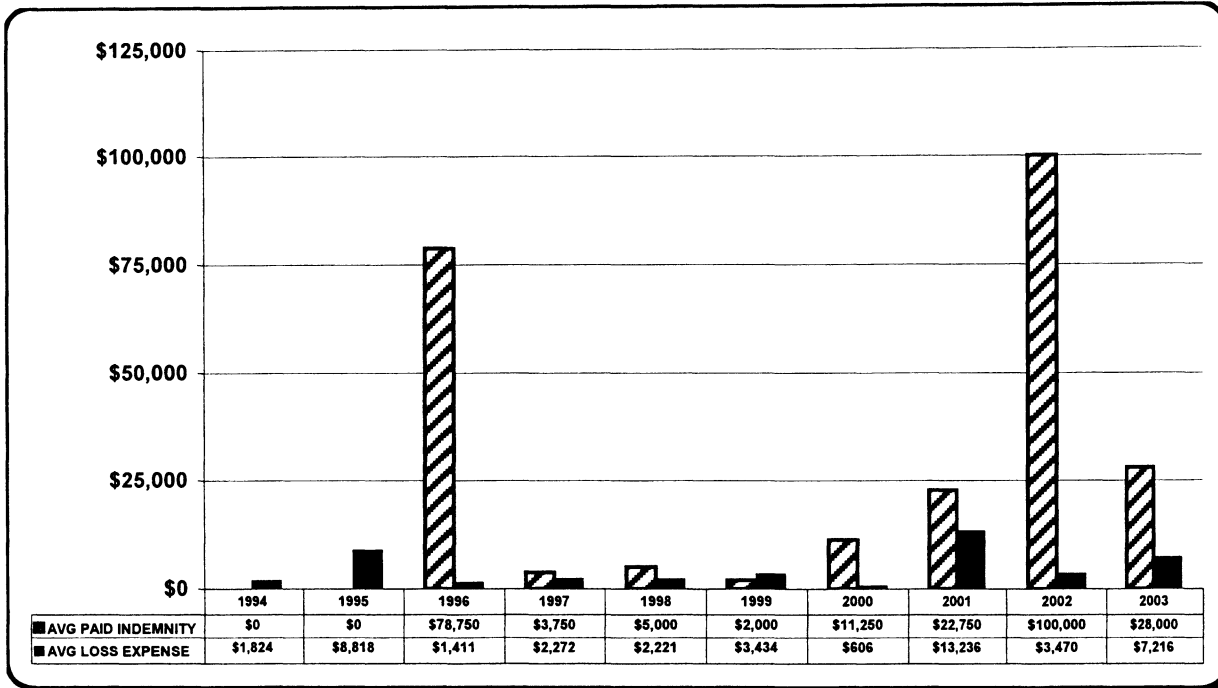


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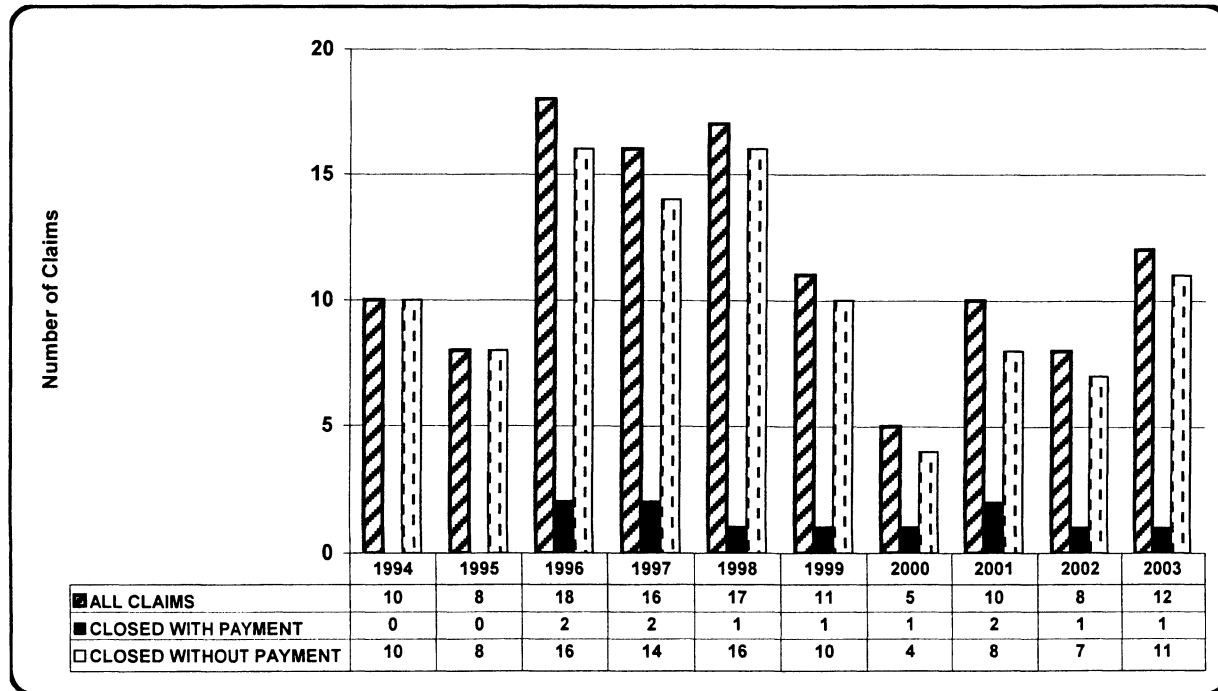


## CRIMINAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

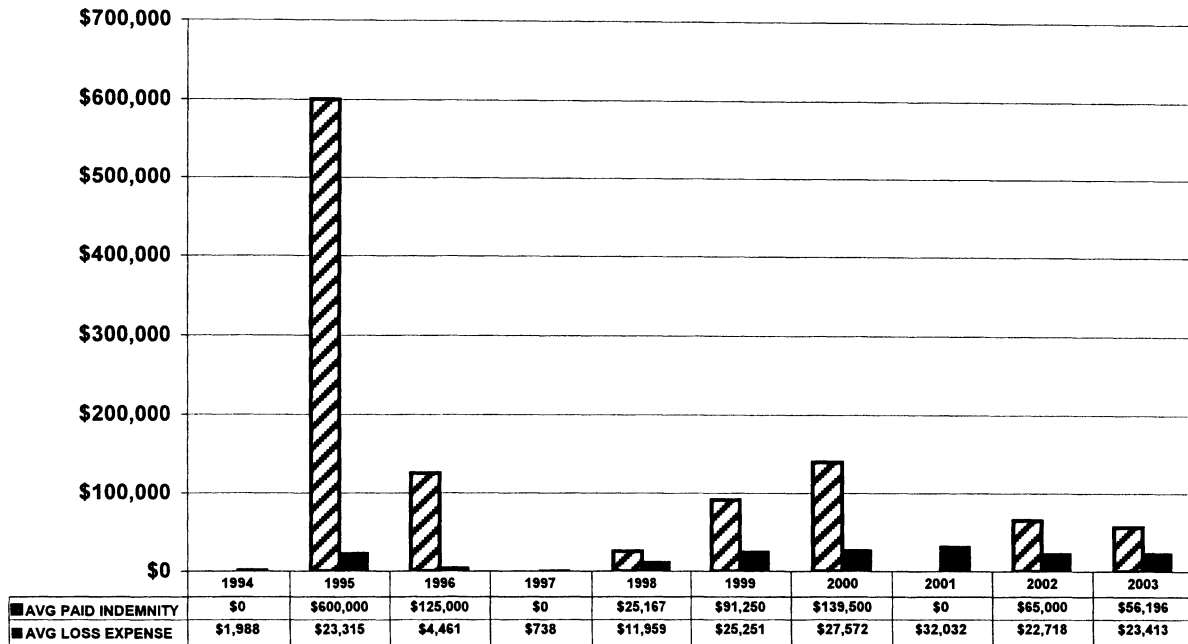


### CLAIM COUNT

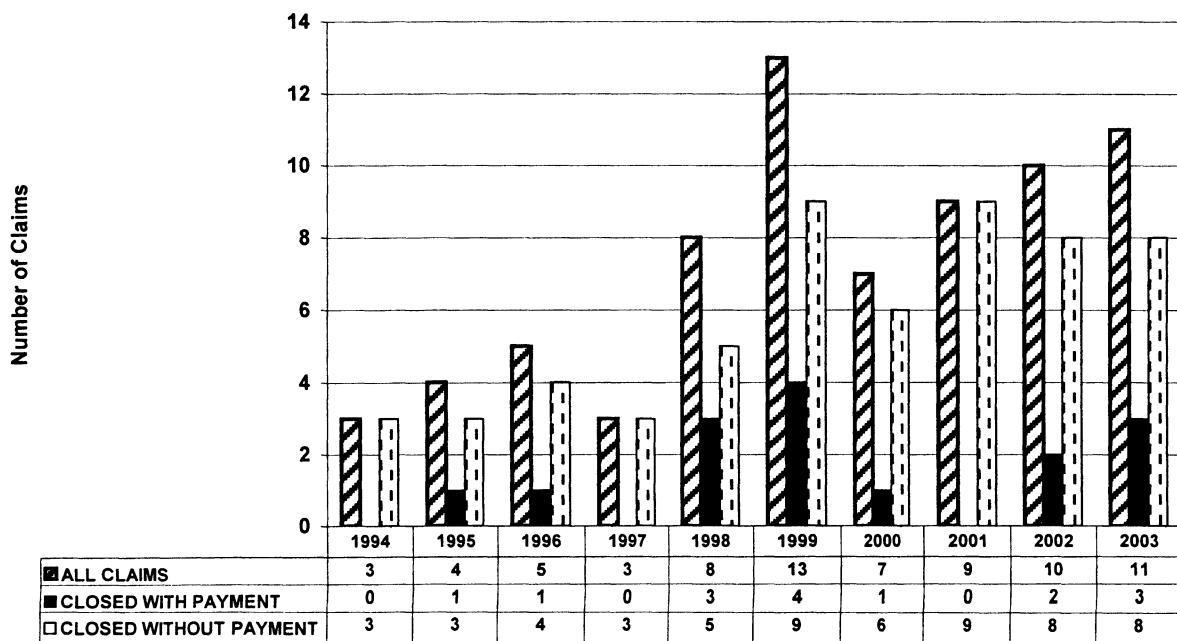


## CORPORATE & BUSINESS ORGANIZATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
MAJOR ACTIVITY**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1994 – 2003

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	700	232	33.29%	\$72,092	\$16,725,337	23.52%	\$5,744
PREPARATION, TRANSMITTAL OR FILING	336	101	14.49%	\$83,964	\$8,480,340	11.92%	\$9,549
SETTLEMENT AND NEGOTIATION	324	70	10.04%	\$105,602	\$7,392,120	10.39%	\$10,243
OTHER	312	55	7.89%	\$71,462	\$3,930,395	5.53%	\$8,052
PRE-TRIAL, PRE-HEARING	285	88	12.63%	\$93,426	\$8,221,491	11.56%	\$7,893
CONSULTATION OR ADVICE	184	41	5.88%	\$466,785	\$19,138,190	26.91%	\$41,227
TRIAL OR HEARING	153	25	3.59%	\$99,775	\$2,494,380	3.51%	\$10,882
EXPARTE PROCEEDINGS	93	26	3.73%	\$32,542	\$846,090	1.19%	\$8,620
INVESTIGATION, OTHER THAN LITIGATION	73	17	2.44%	\$45,021	\$765,352	1.08%	\$6,306
POST TRIAL OR HEARING	63	12	1.72%	\$14,503	\$174,036	0.24%	\$3,886
APPEAL ACTIVITIES	52	10	1.43%	\$26,771	\$267,713	0.38%	\$3,619
OTHER WRITTEN OPINION	28	7	1.00%	\$217,731	\$1,524,120	2.14%	\$15,989
TAX REPORTING OR PAYMENT	24	8	1.15%	\$76,996	\$615,970	0.87%	\$26,729
REFERRAL TO ANOTHER PROFESSIONAL	18	3	0.43%	\$175,000	\$525,000	0.74%	\$10,236
TITLE OPINION	14	2	0.29%	\$7,713	\$15,425	0.02%	\$10,839
TOTAL	2,659	697	100.00%	\$102,032	\$71,115,959	100.00%	\$10,410

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2003**

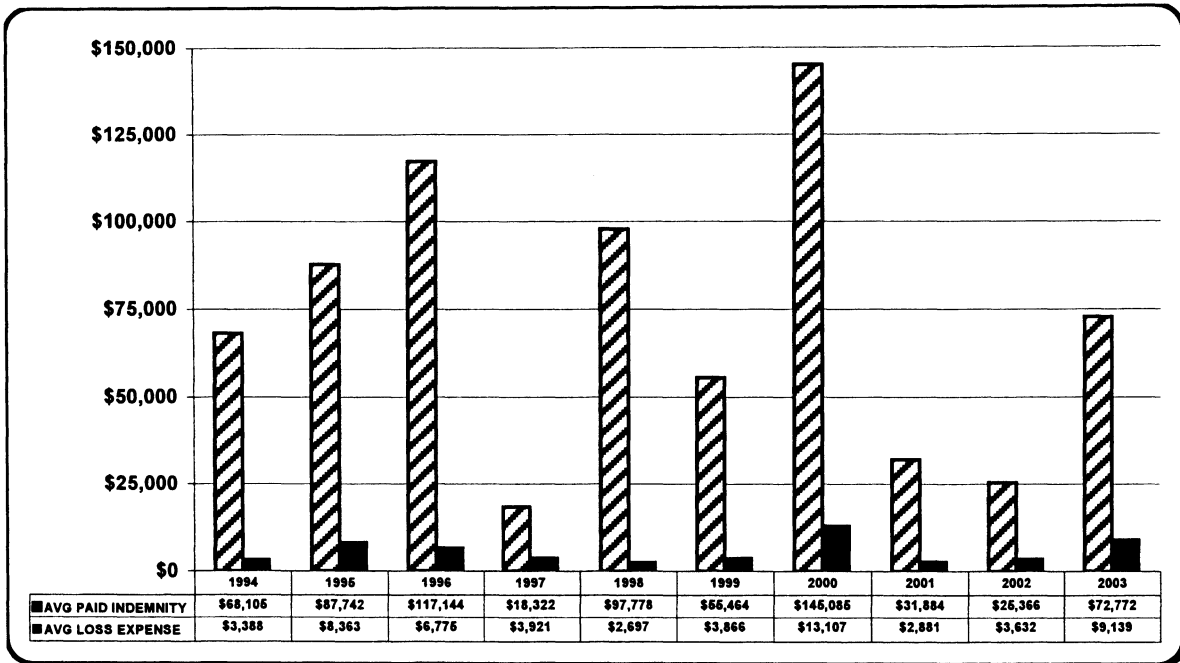
MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	71	27	42.86%	\$72,772	\$1,964,854	29.50%	\$9,139
OTHER	33	9	14.29%	\$83,483	\$751,348	11.28%	\$10,752
PREPARATION, TRANSMITTAL OR FILING	33	6	9.52%	\$53,457	\$320,741	4.82%	\$2,634
SETTLEMENT AND NEGOTIATION	30	5	7.94%	\$13,752	\$68,761	1.03%	\$4,325
INVESTIGATION, OTHER THAN LITIGATION	22	4	6.35%	\$65,567	\$262,267	3.94%	\$5,287
PRE-TRIAL, PRE-HEARING	21	6	9.52%	\$185,583	\$1,113,500	16.72%	\$24,148
CONSULTATION OR ADVICE	20	3	4.76%	\$708,333	\$2,125,000	31.90%	\$8,271
TRIAL OR HEARING	15	0	0.00%	\$0	\$0	0.00%	\$34,990
EXPARTE PROCEEDINGS	12	3	4.76%	\$18,145	\$54,436	0.82%	\$4,386
POST TRIAL OR HEARING	9	0	0.00%	\$0	\$0	0.00%	\$2,592
APPEAL ACTIVITIES	3	0	0.00%	\$0	\$0	0.00%	\$0
REFERRAL TO ANOTHER PROFESSIONAL	3	0	0.00%	\$0	\$0	0.00%	\$0
TAX REPORTING OR PAYMENT	1	0	0.00%	\$0	\$0	0.00%	\$0
<b>TOTAL</b>	<b>273</b>	<b>63</b>	<b>100.00%</b>	<b>\$105,729</b>	<b>\$6,660,907</b>	<b>100.00%</b>	<b>\$9,560</b>

**TRENDS  
OF THE TOP TEN  
MAJOR ACTIVITY  
OF 2003**

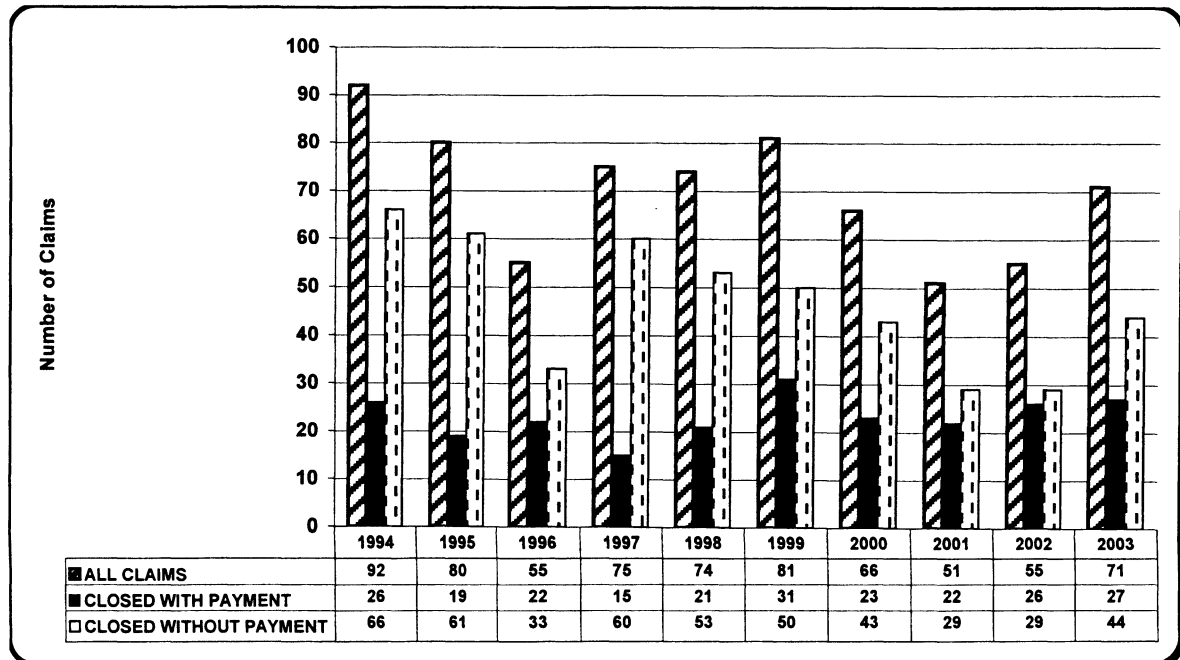


## COMMENCEMENT OF ACTION OR PROCEEDING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

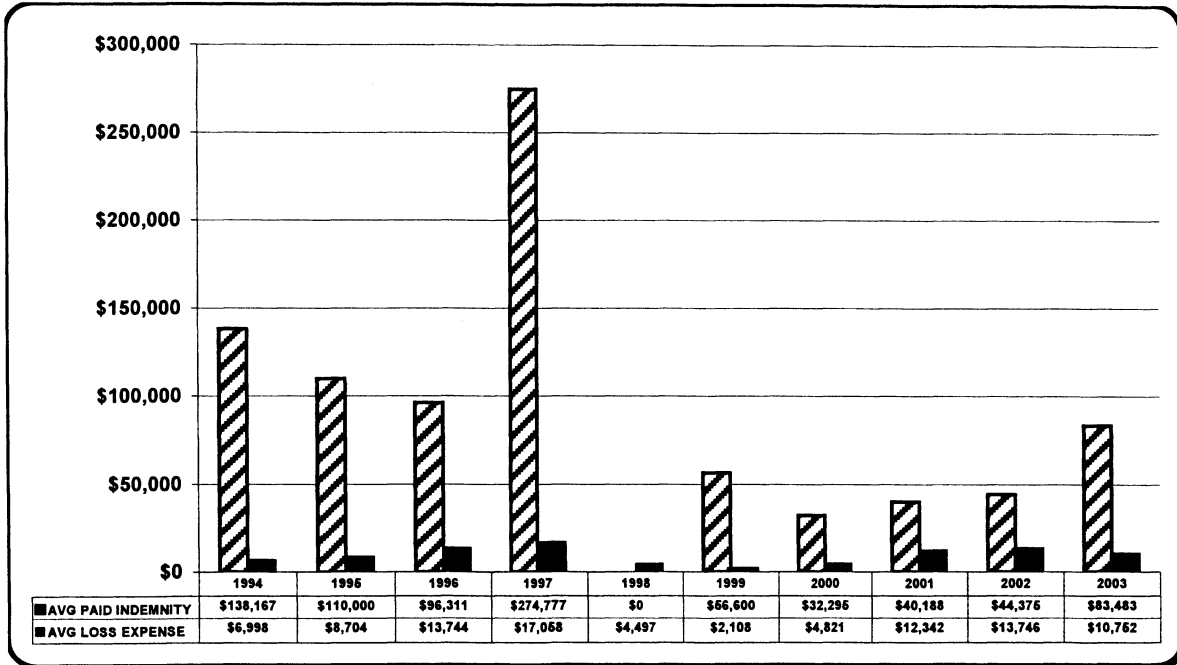


### CLAIM COUNT

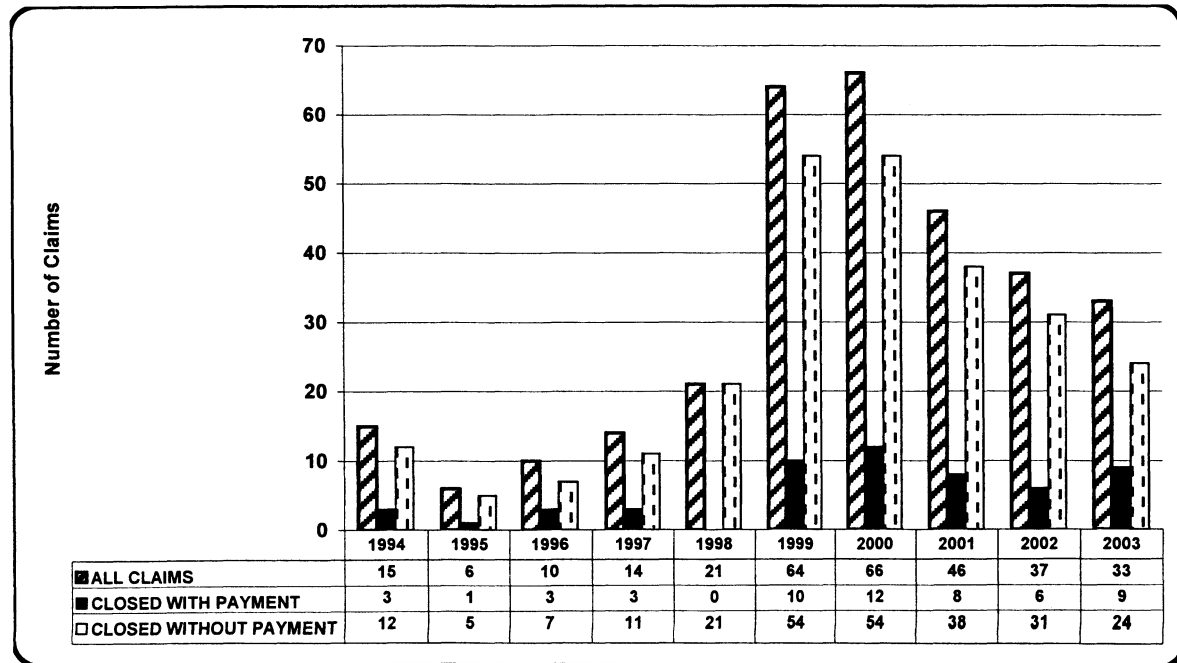


## OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

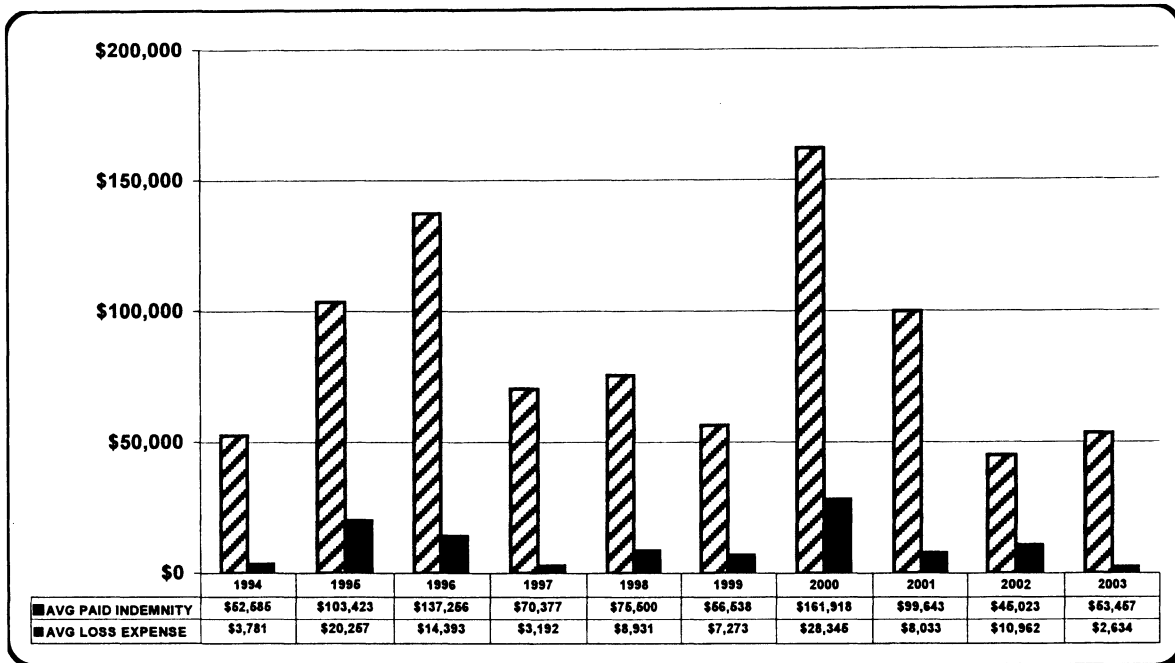


## CLAIM COUNT

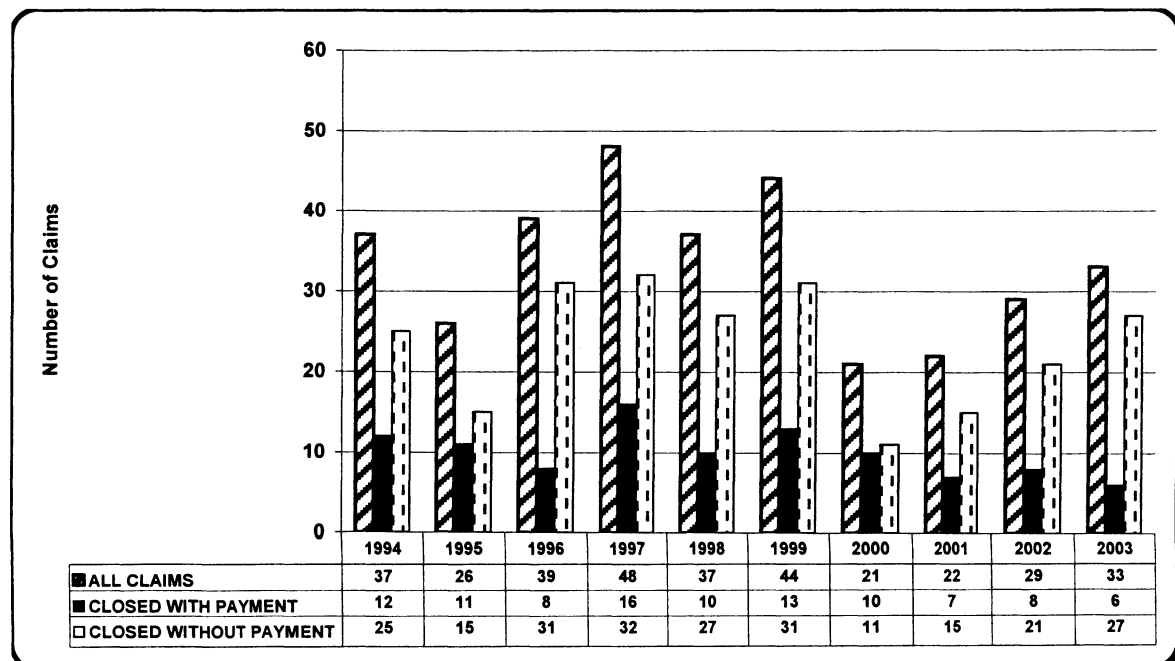


## PREPARATION, TRANSMITTAL OR FILING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

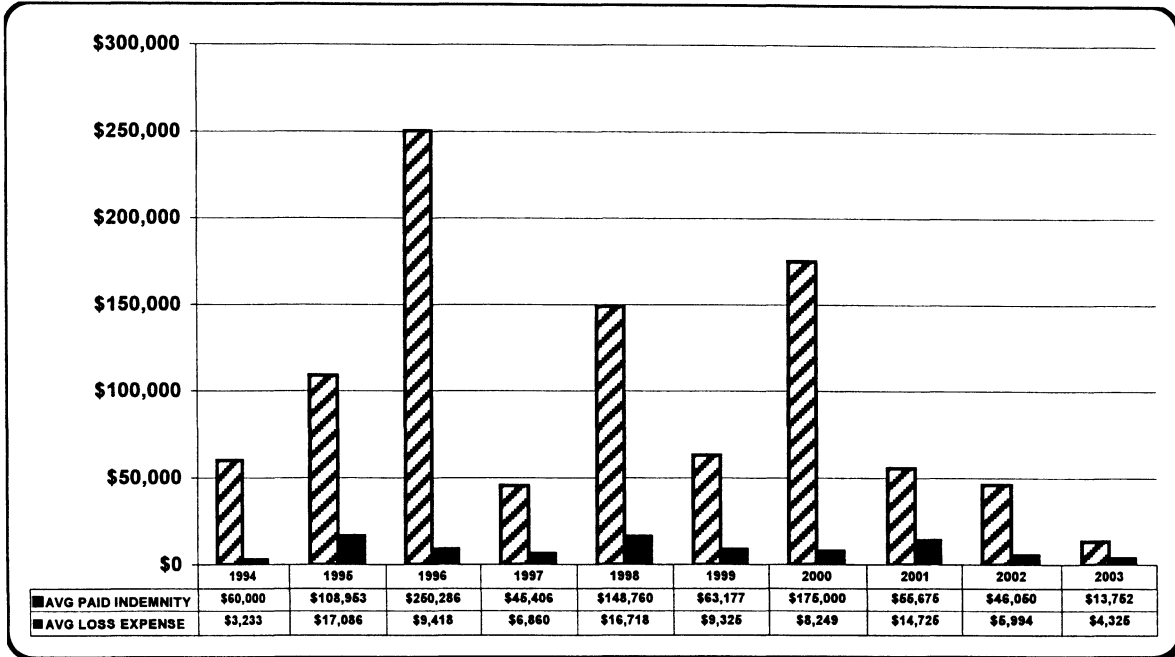


### CLAIM COUNT

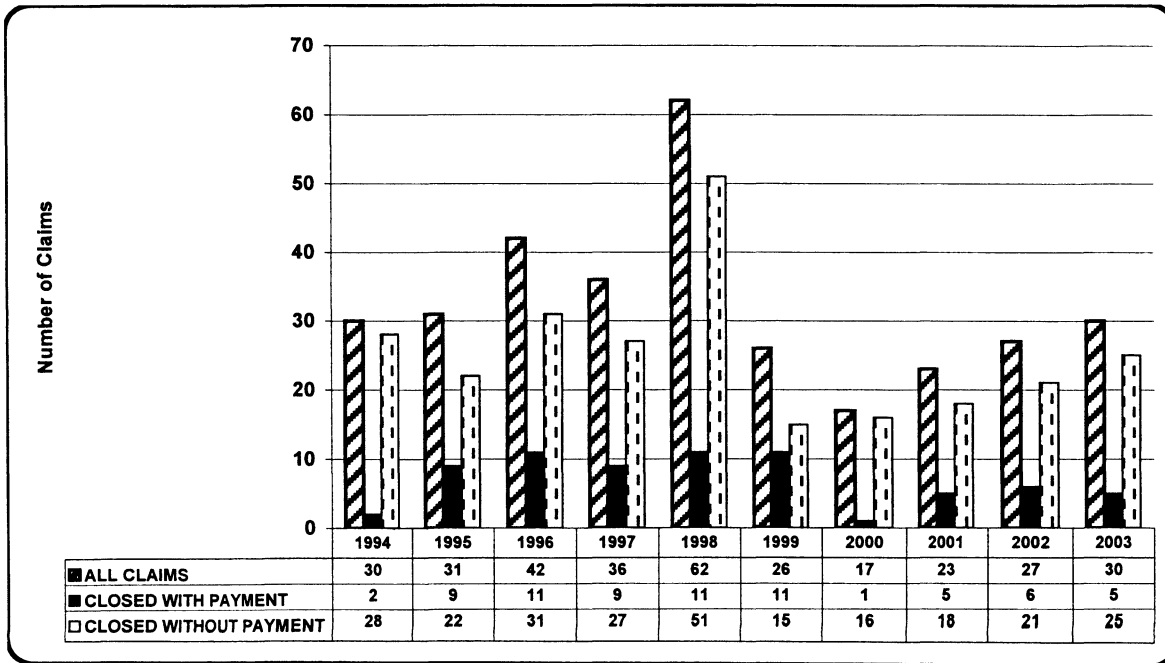


## SETTLEMENT AND NEGOTIATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

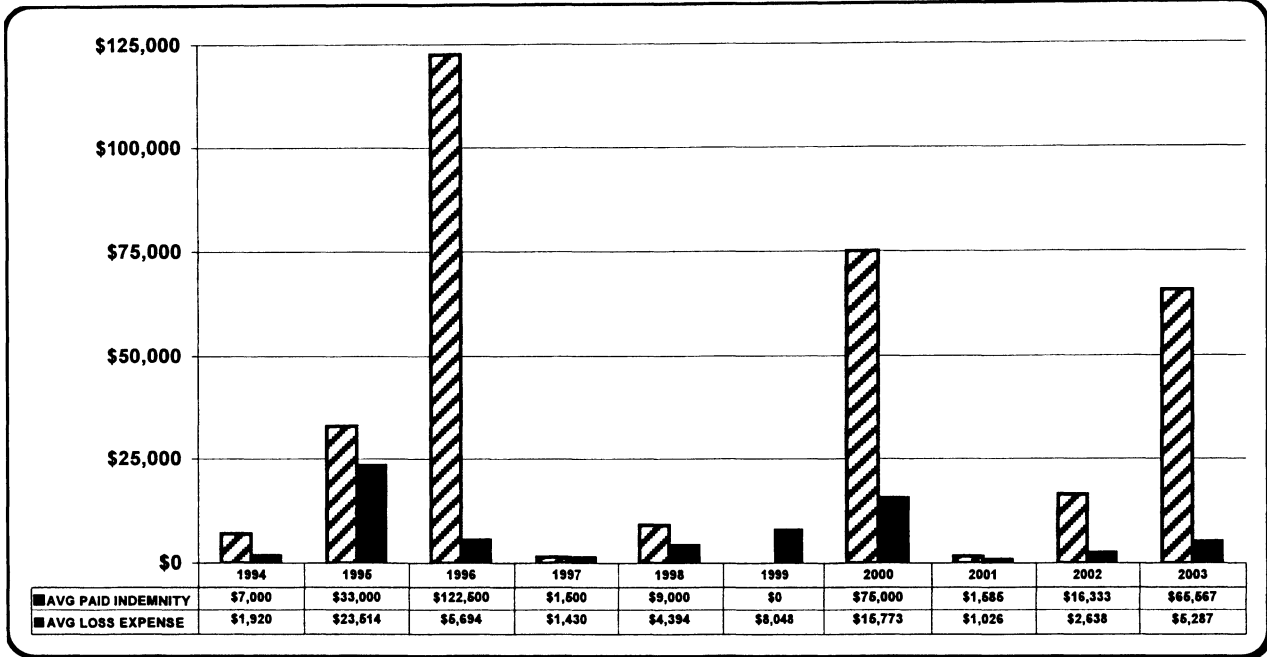


### CLAIM COUNT

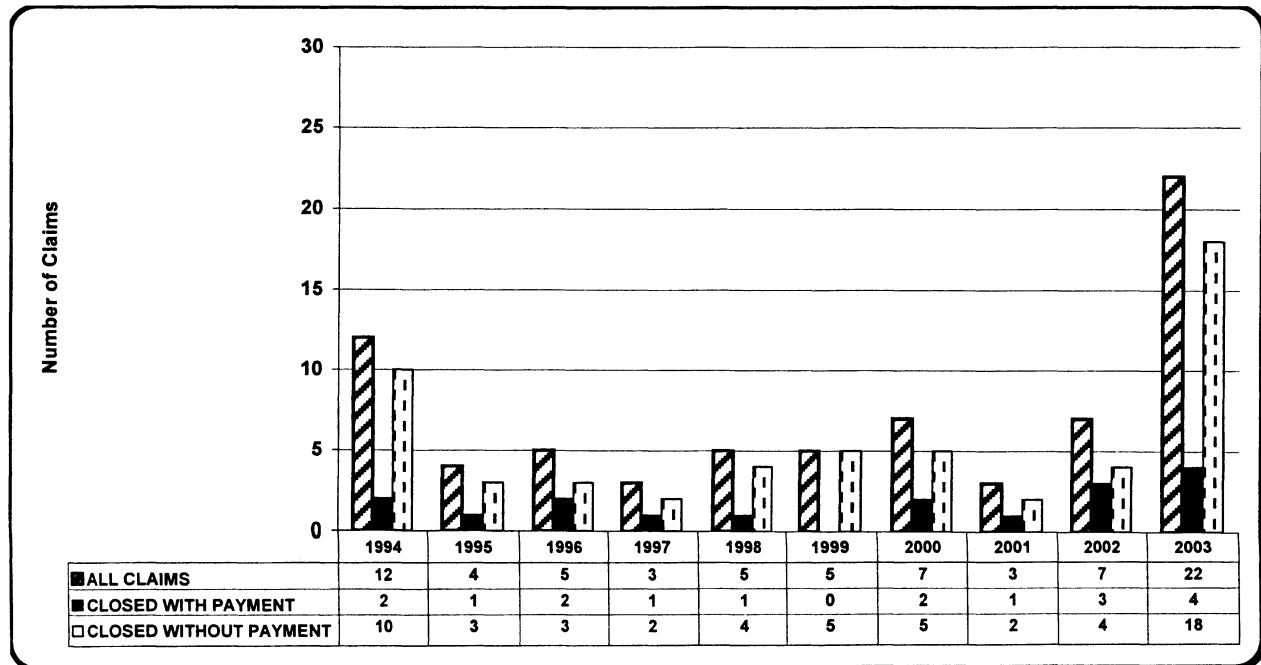


## INVESTIGATION, OTHER THAN LITIGATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

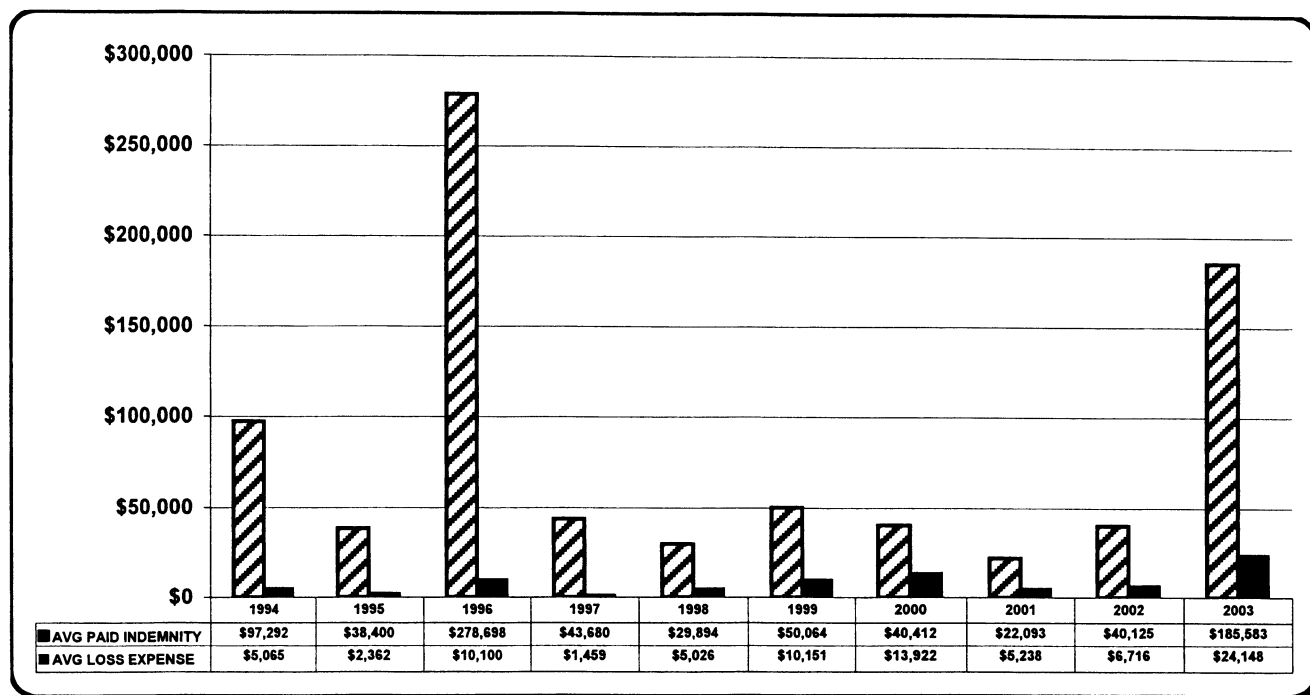


### CLAIM COUNT

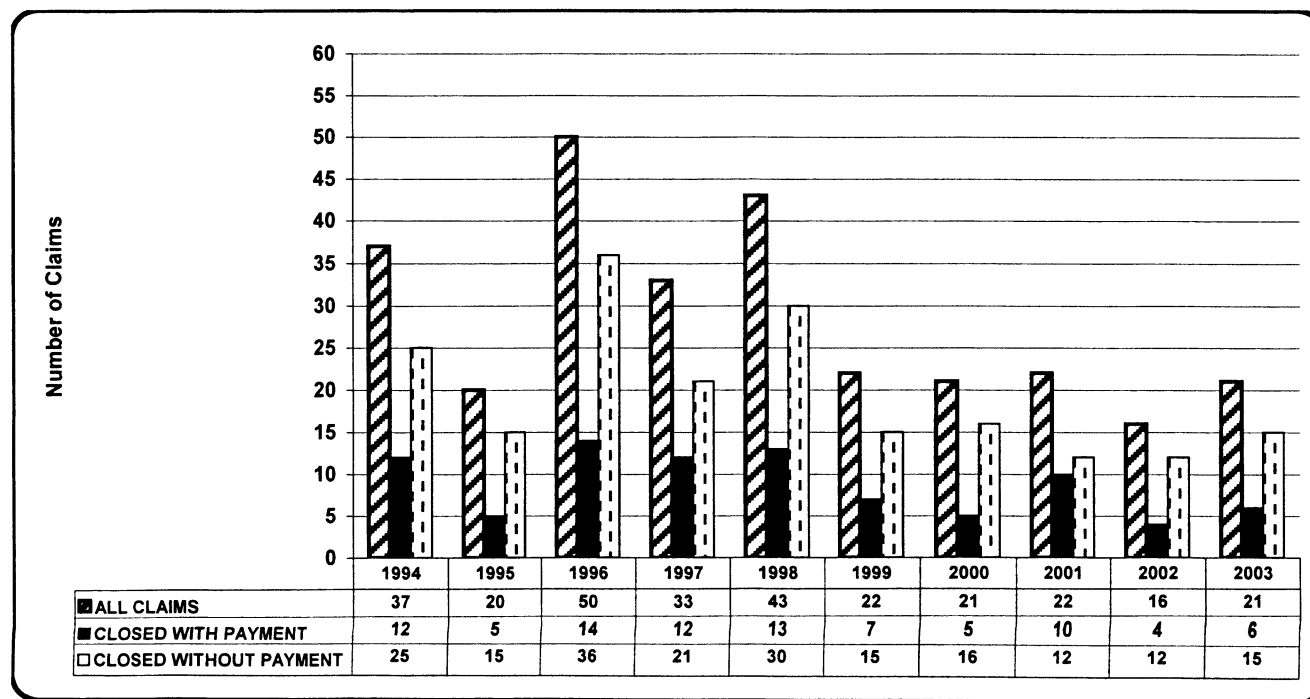


## PRE-TRIAL, PRE-HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

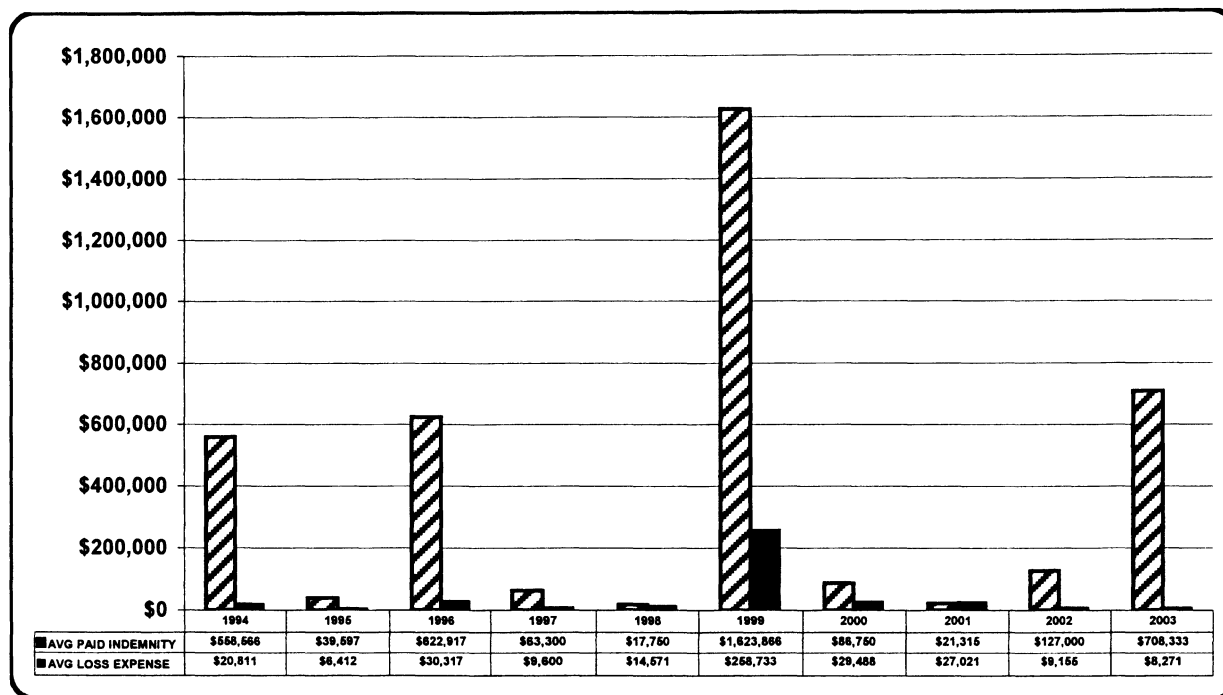


### CLAIM COUNT

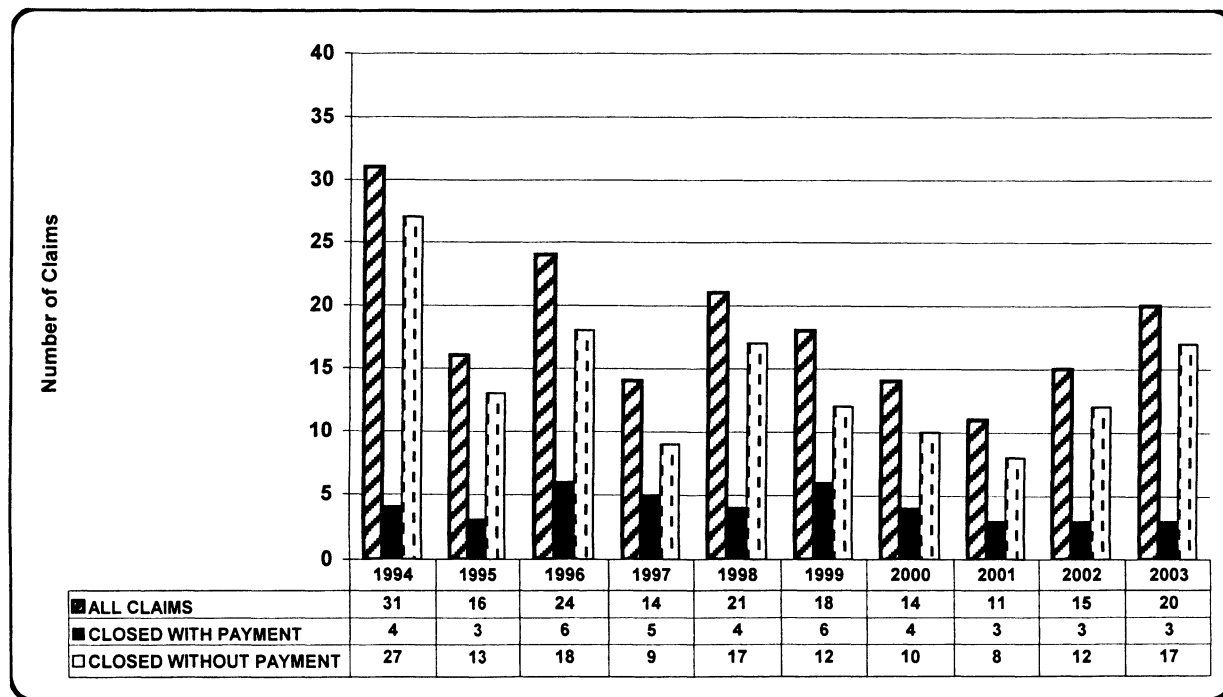


## CONSULTATION OR ADVICE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

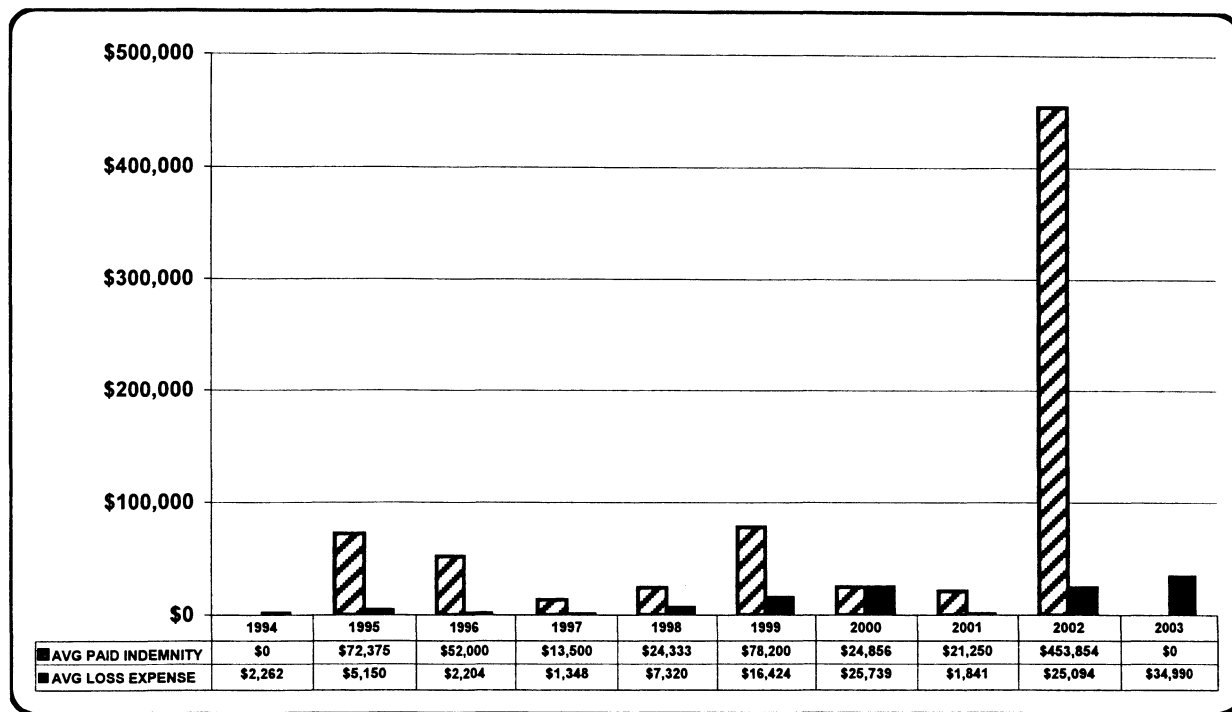


## CLAIM COUNT

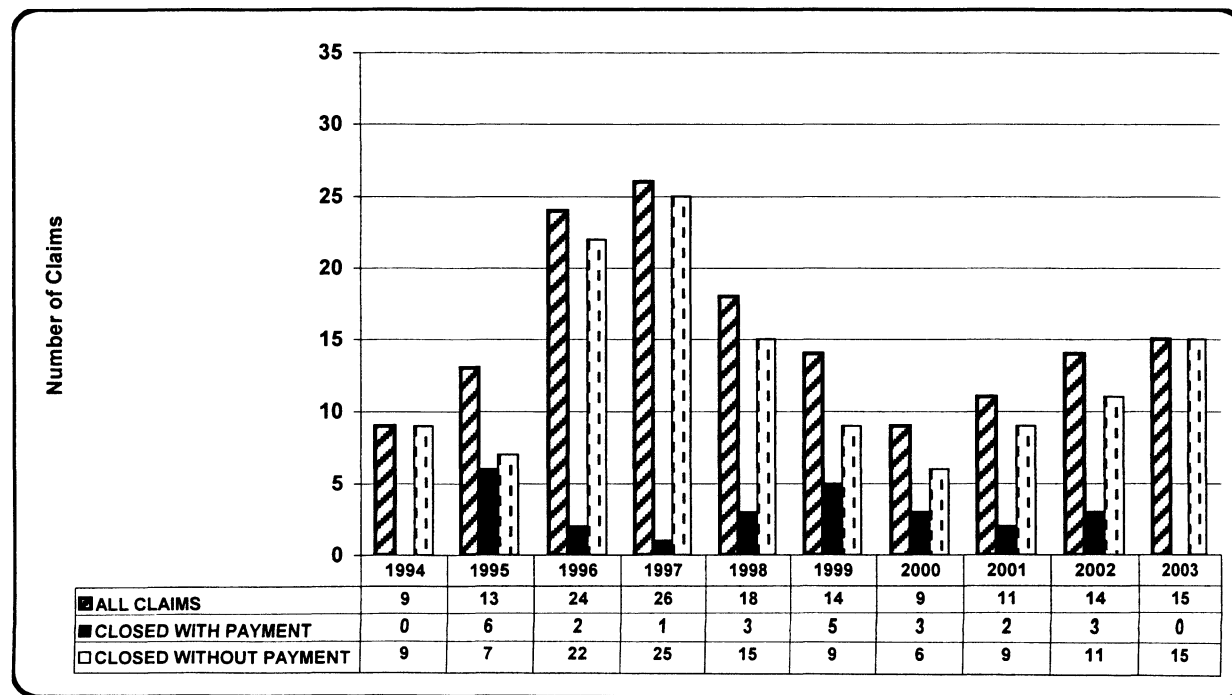


## TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

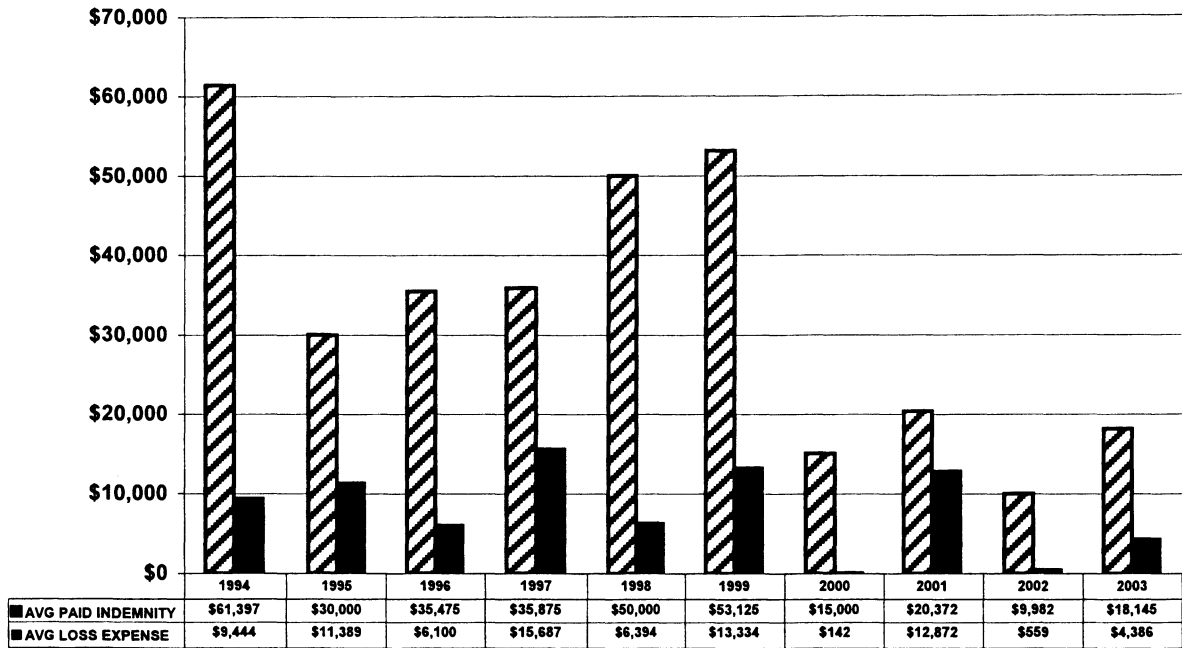


## CLAIM COUNT

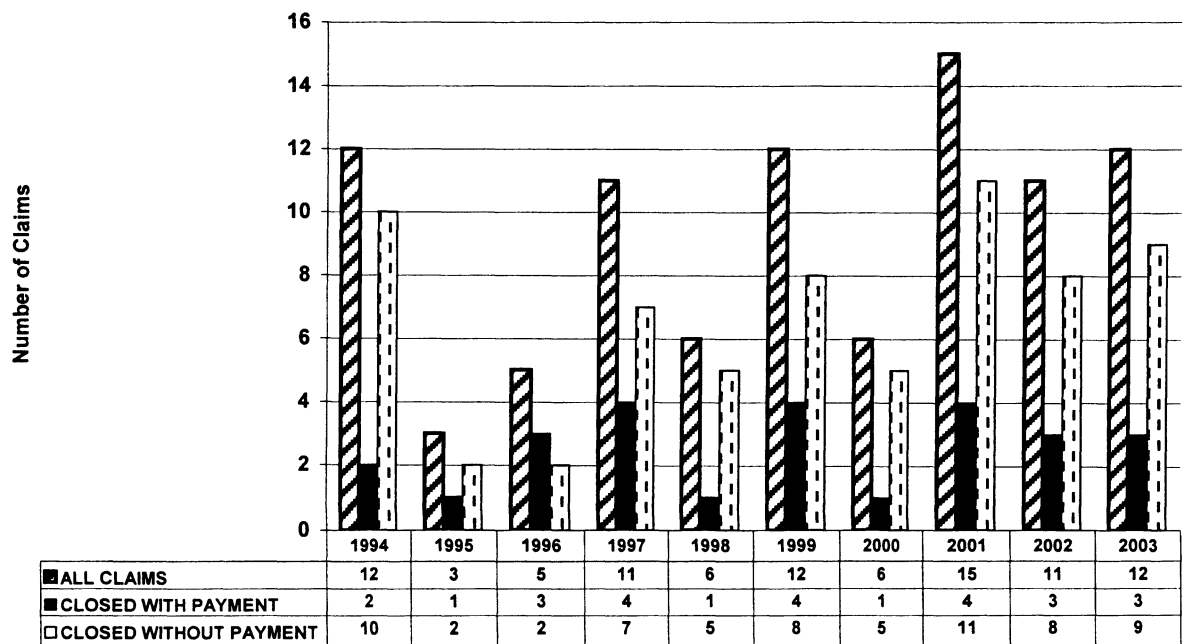


## EXPARTE PROCEEDINGS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

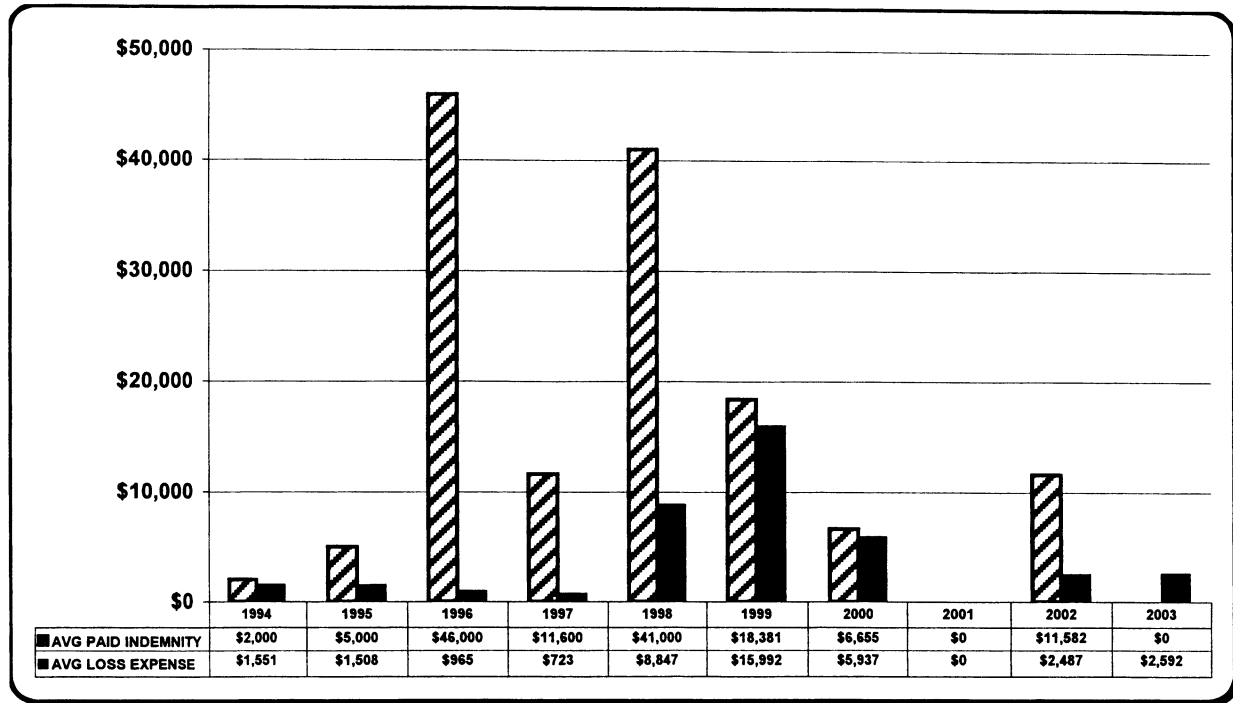


### CLAIM COUNT

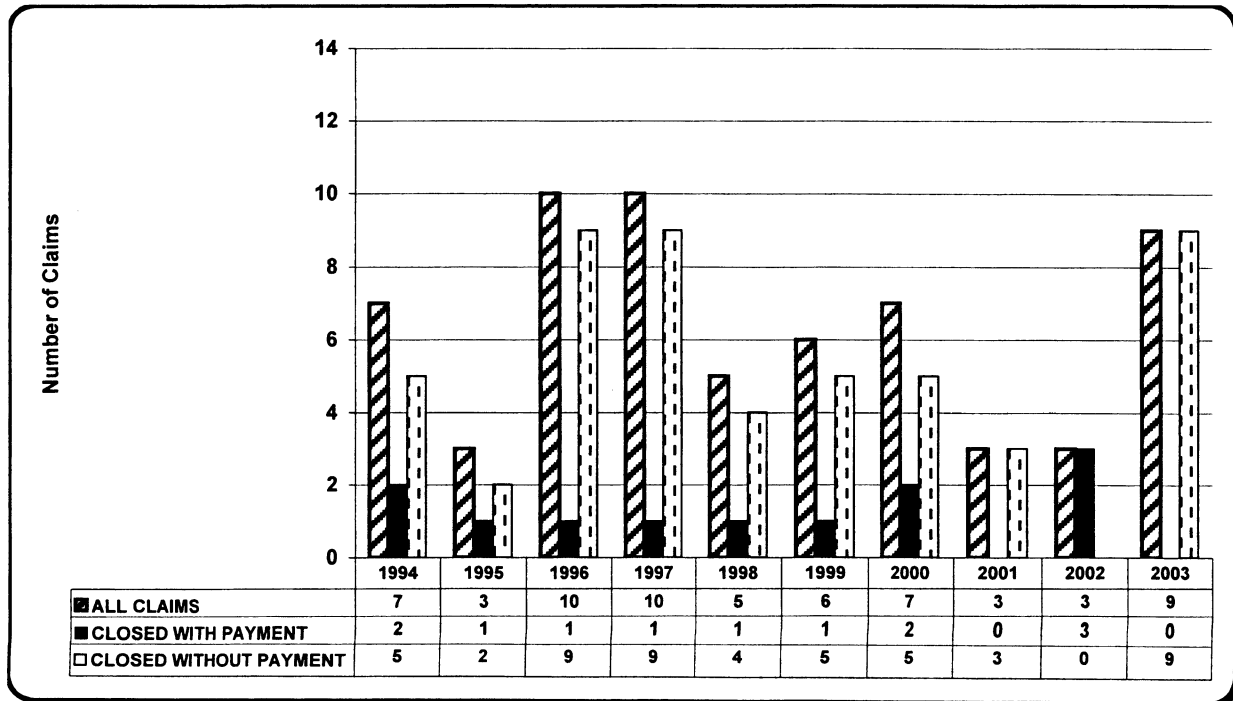


## POST TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
ALLEGED ERRORS OR OMISSIONS**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1994 – 2003

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	436	183	26.26%	\$57,819	\$10,580,899	14.88%	\$3,465
PLANNING OR STRATEGY ERROR	322	79	11.33%	\$114,166	\$9,019,105	12.68%	\$11,409
PROCRASTINATION OR LACK OF FOLLOW-UP	299	60	8.61%	\$73,673	\$4,420,377	6.22%	\$6,088
FAIL TO KNOW OR PROPERLY APPLY THE LAW	200	53	7.60%	\$251,077	\$13,307,070	18.71%	\$15,630
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	182	22	3.16%	\$30,404	\$668,881	0.94%	\$6,628
INADEQUATE INVESTIGATION	146	31	4.45%	\$89,361	\$2,770,197	3.90%	\$10,223
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	141	31	4.45%	\$81,605	\$2,529,764	3.56%	\$8,551
CONFLICT OF INTEREST	131	31	4.45%	\$180,929	\$5,608,807	7.89%	\$15,713
OTHER	131	29	4.16%	\$47,068	\$1,364,958	1.92%	\$10,876
FRAUD	111	17	2.44%	\$561,241	\$9,541,101	13.42%	\$54,268
FAIL TO OBTAIN CLIENTS CONSENT	106	28	4.02%	\$102,432	\$2,868,085	4.03%	\$10,745
FAILURE TO CALENDAR PROPERLY	77	33	4.73%	\$56,077	\$1,850,544	2.60%	\$4,568
VIOLATION OF CIVIL RIGHTS	74	4	0.57%	\$134,500	\$538,000	0.76%	\$5,562
CLERICAL ERROR	57	21	3.01%	\$34,857	\$731,996	1.03%	\$3,696
FAILURE TO REACT TO CALENDAR	54	27	3.87%	\$51,001	\$1,377,040	1.94%	\$6,471
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	45	16	2.30%	\$38,792	\$620,673	0.87%	\$12,918
FAIL TO ANTICIPATE TAX CONSEQUENCES	40	13	1.87%	\$64,000	\$831,997	1.17%	\$14,697
IMPROPER WITHDRAWAL FROM REPRESENTATION	35	7	1.00%	\$18,571	\$130,000	0.18%	\$3,132
LIBEL OR SLANDER	29	2	0.29%	\$16,150	\$32,300	0.05%	\$3,546
ERROR IN PUBLIC RECORD SEARCH	16	2	0.29%	\$70,002	\$140,003	0.20%	\$4,365
ERROR IN MATHEMATICAL CALCULATION	15	4	0.57%	\$52,748	\$210,994	0.30%	\$11,614
LOST FILE, DOCUMENT OR EVIDENCE	12	4	0.57%	\$493,293	\$1,973,170	2.77%	\$4,138
TOTAL	2,659	697	100.00%	\$102,032	\$71,115,959	100.00%	\$10,410

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2003

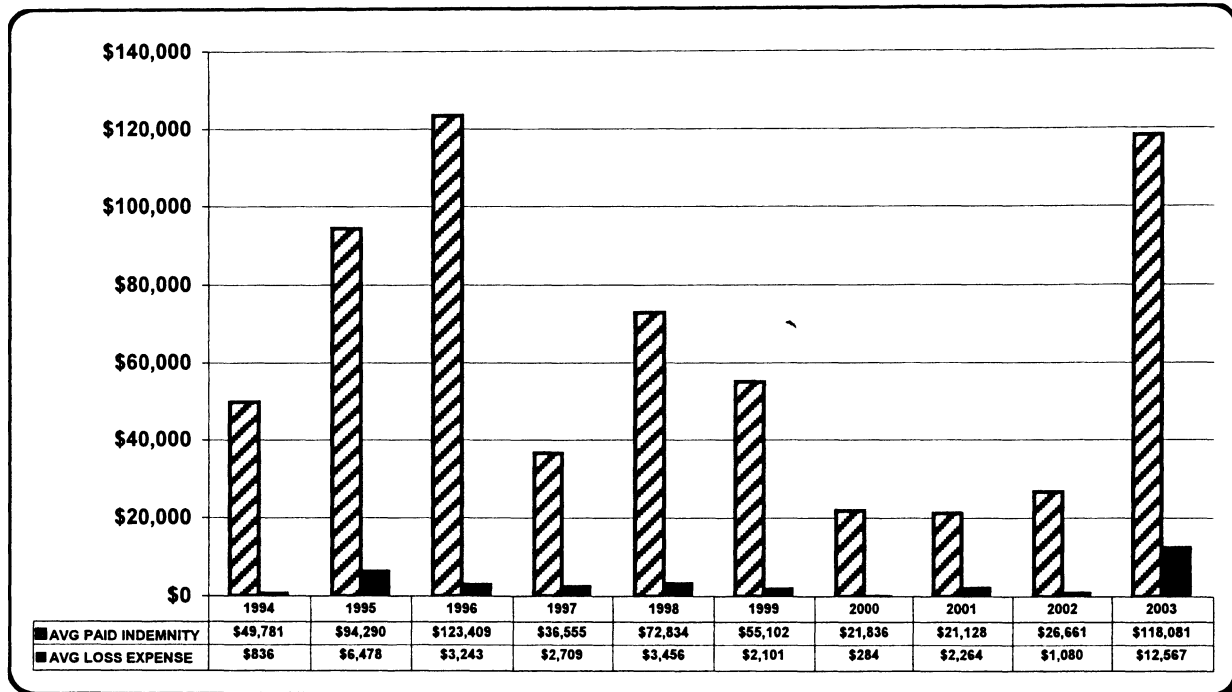
ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	53	23	36.51%	\$118,081	\$2,715,854	40.77%	\$12,567
PROCRASTINATION OR LACK OF FOLLOW-UP	31	4	6.35%	\$94,173	\$376,690	5.66%	\$8,739
OTHER	23	0	0.00%	\$0	\$0	0.00%	\$16,224
PLANNING OR STRATEGY ERROR	23	4	6.35%	\$24,205	\$96,818	1.45%	\$7,639
FAIL TO KNOW OR PROPERLY APPLY THE LAW	21	2	3.17%	\$1,047,500	\$2,095,000	31.45%	\$4,161
INADEQUATE INVESTIGATION	14	1	1.59%	\$27,500	\$27,500	0.41%	\$12,963
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	13	3	4.76%	\$28,174	\$84,521	1.27%	\$16,748
CONFLICT OF INTEREST	11	2	3.17%	\$58,794	\$117,587	1.77%	\$19,536
FAILURE TO REACT TO CALENDAR	10	6	9.52%	\$59,833	\$359,000	5.39%	\$4,175
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	10	2	3.17%	\$5,000	\$10,000	0.15%	\$5,481
FAIL TO OBTAIN CLIENTS CONSENT	9	2	3.17%	\$157,837	\$315,674	4.74%	\$1,256
FRAUD	9	1	1.59%	\$150,000	\$150,000	2.25%	\$9,261
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	7	3	4.76%	\$26,767	\$80,300	1.21%	\$18,184
FAILURE TO CALENDAR PROPERLY	6	3	4.76%	\$13,000	\$39,000	0.59%	\$0
IMPROPER WITHDRAWAL FROM REPRESENTATION	6	1	1.59%	\$37,500	\$37,500	0.56%	\$119
CLERICAL ERROR	5	3	4.76%	\$21,176	\$63,527	0.95%	\$9,557
ERROR IN MATHEMATICAL CALCULATION	5	1	1.59%	\$44,436	\$44,436	0.67%	\$534
ERROR IN PUBLIC RECORD SEARCH	4	0	0.00%	\$0	\$0	0.00%	\$3,978
LIBEL OR SLANDER	4	0	0.00%	\$0	\$0	0.00%	\$4,738
LOST FILE, DOCUMENT OR EVIDENCE	4	1	1.59%	\$7,500	\$7,500	0.11%	\$1,547
FAIL TO ANTICIPATE TAX CONSEQUENCES	3	1	1.59%	\$40,000	\$40,000	0.60%	\$3,981
VIOLATION OF CIVIL RIGHTS	2	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	273	63	100.00%	\$105,729	\$6,660,907	100.00%	\$9,560

**TRENDS  
OF THE TOP TEN  
ERRORS OR OMISSIONS  
OF 2003**

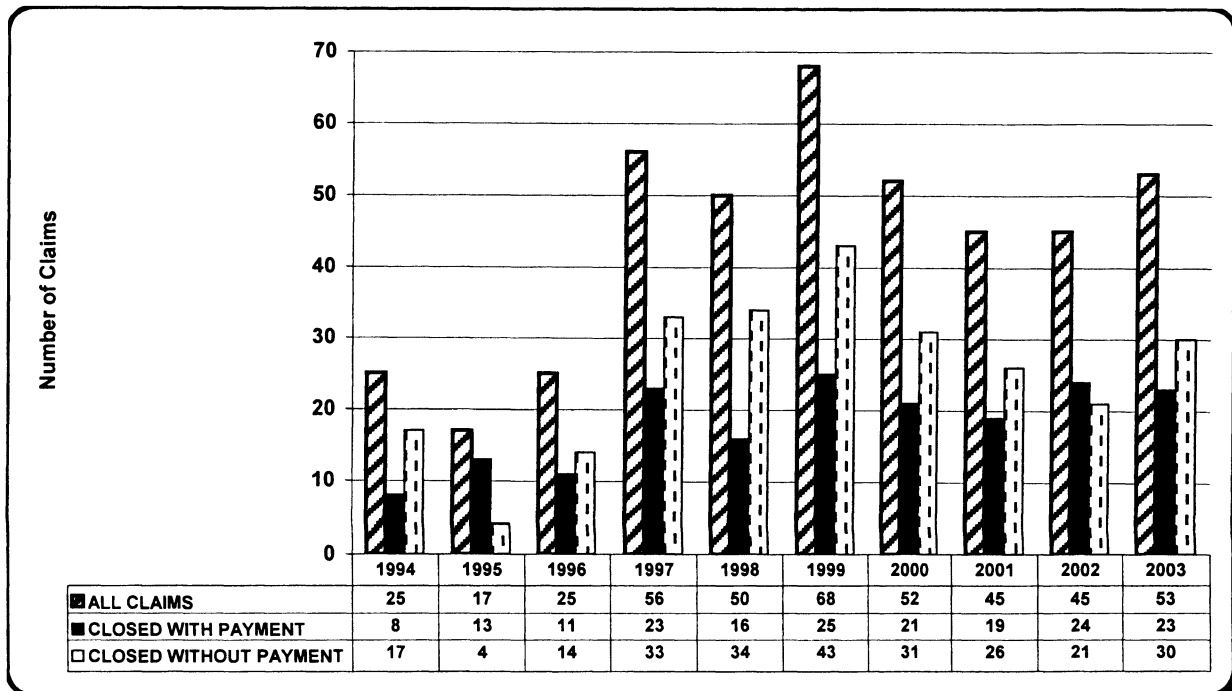


## FAIL TO ASCERTAIN DEADLINE CORRECTLY

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

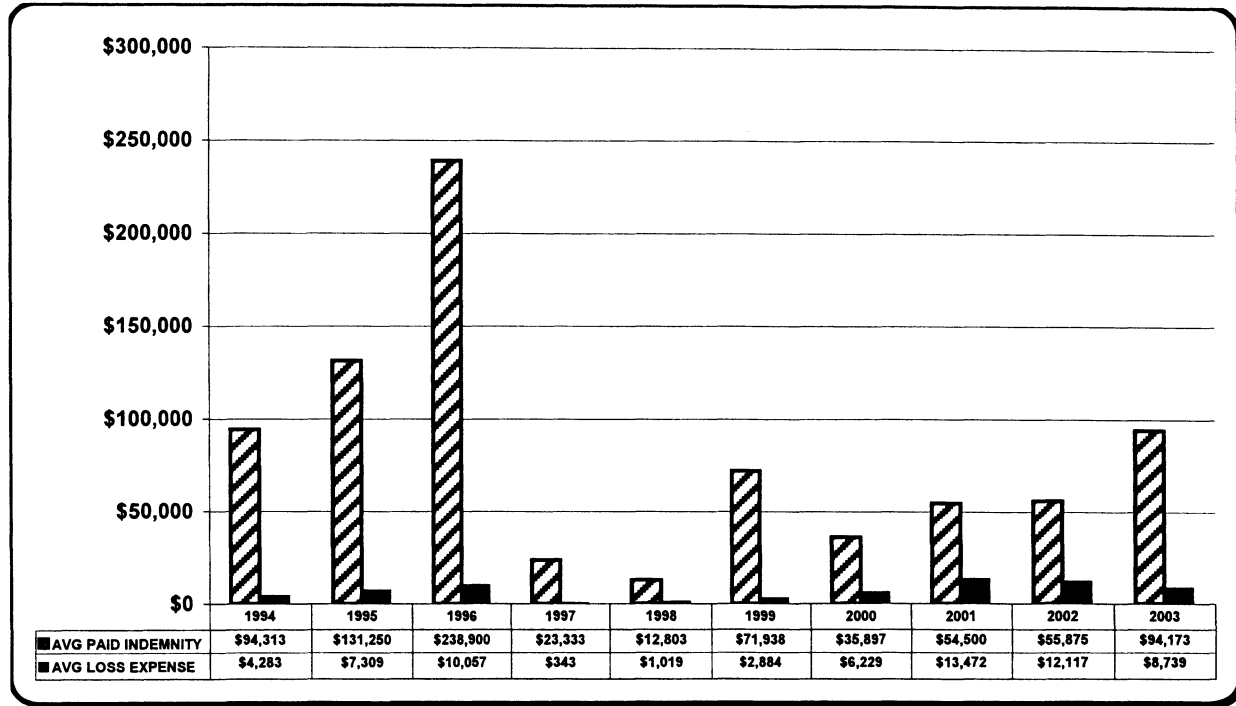


### CLAIM COUNT

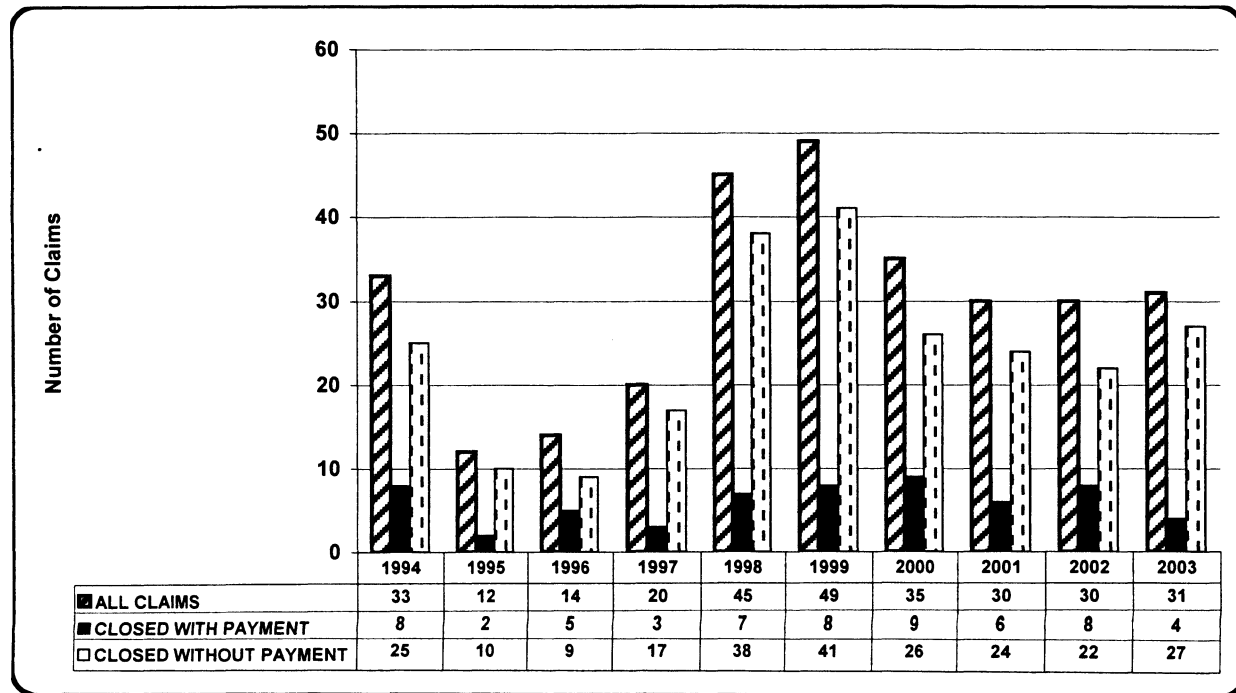


## PROCRASTINATION OR LACK OF FOLLOW-UP

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

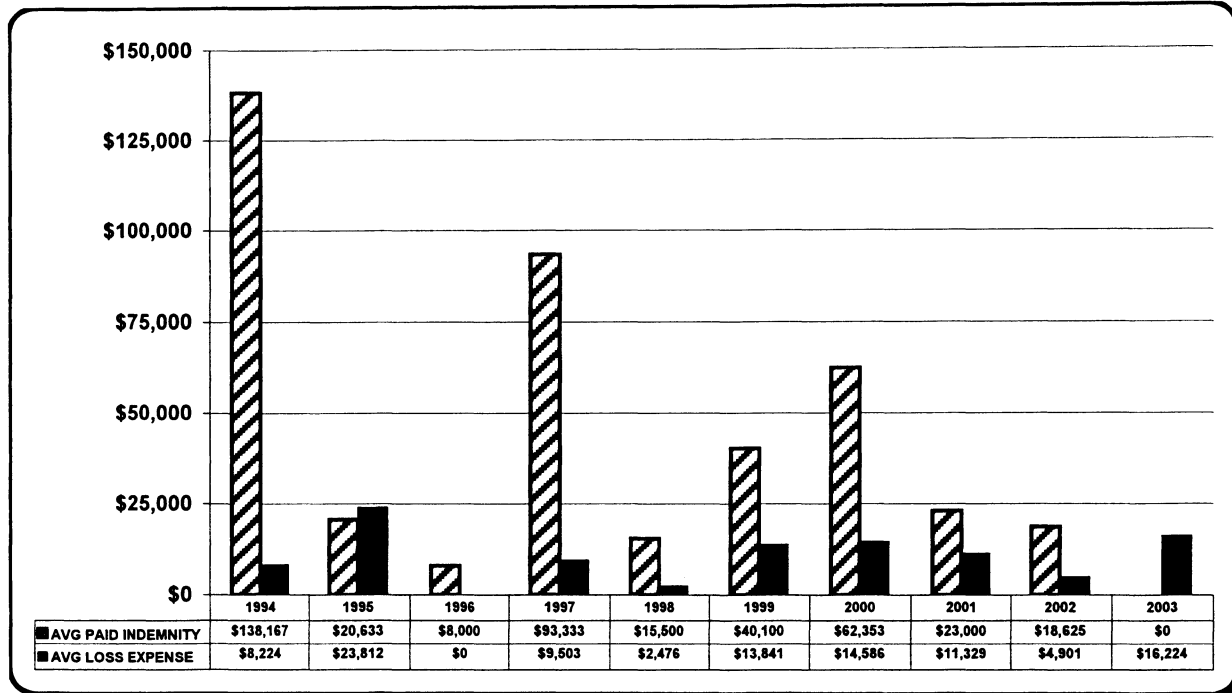


### CLAIM COUNT

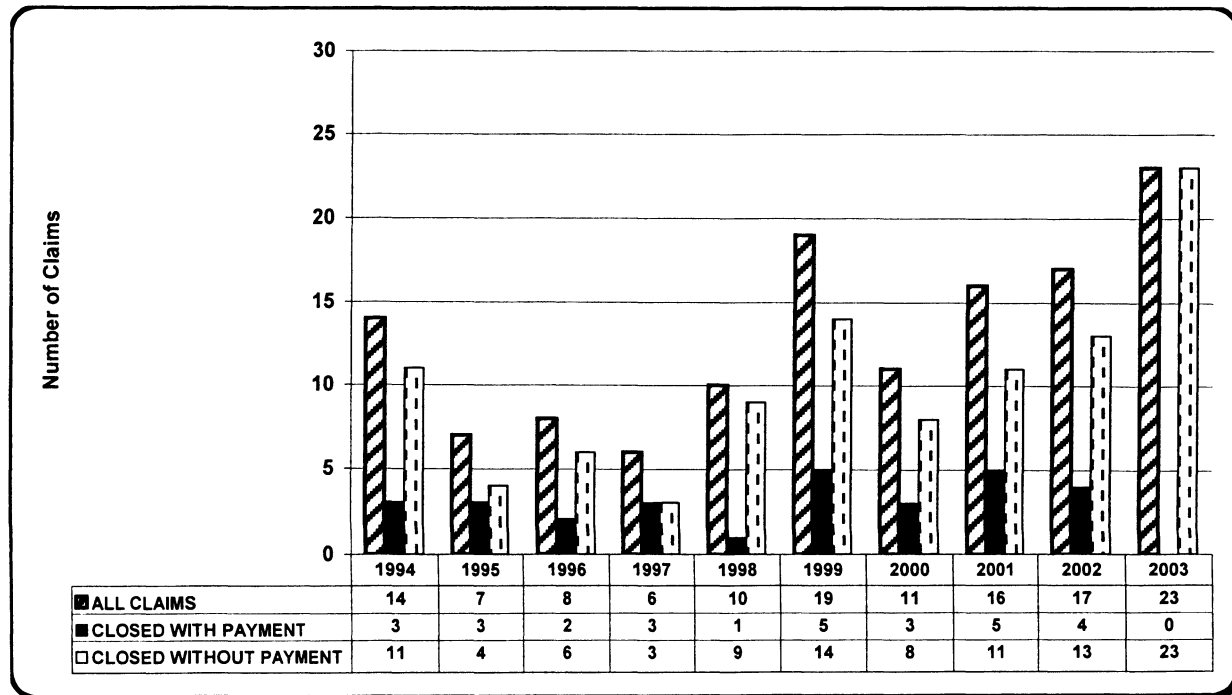


## OTHER

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

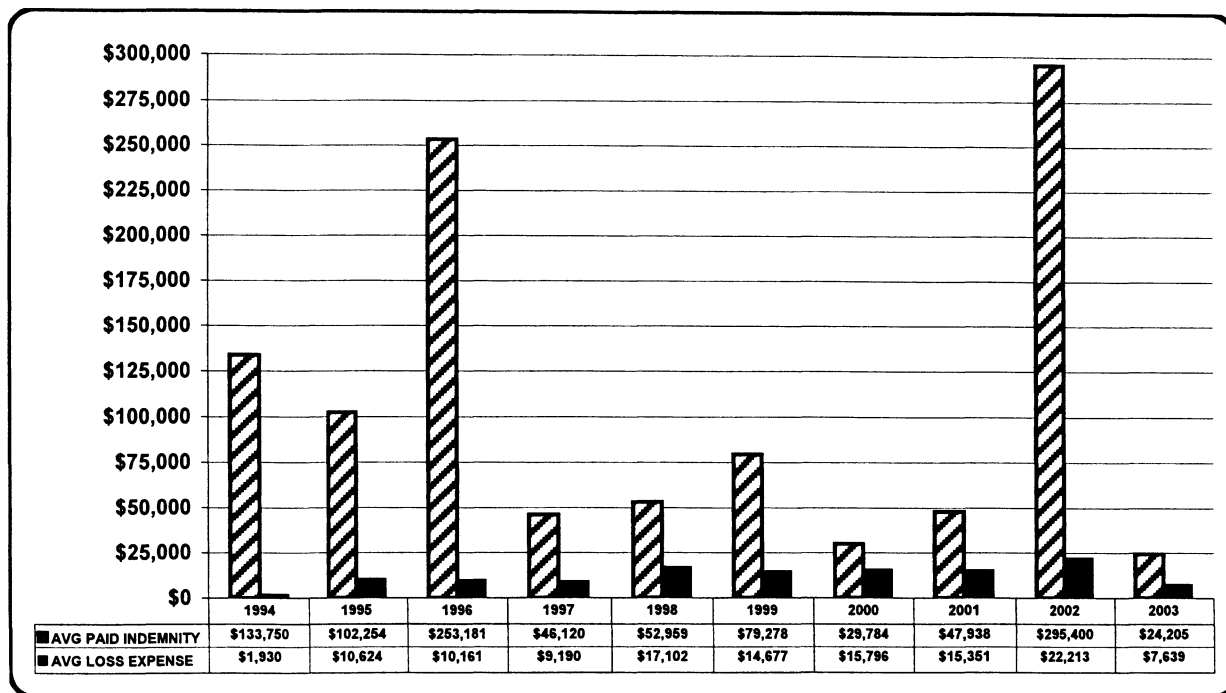


### CLAIM COUNT

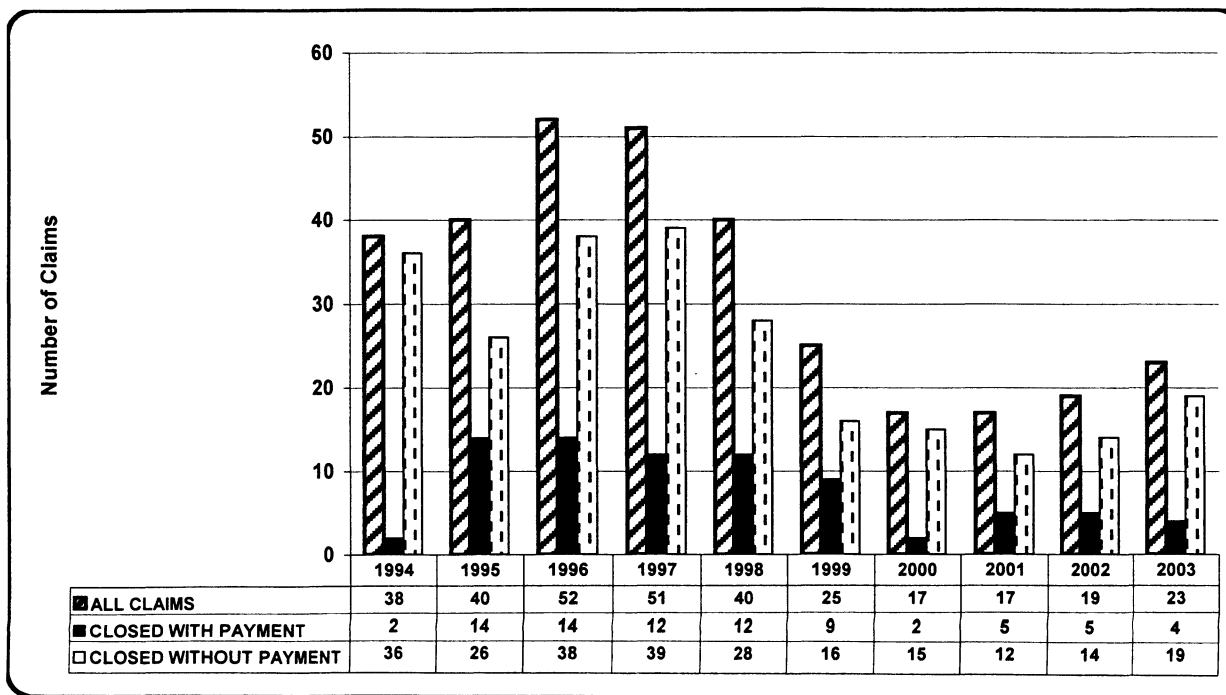


## PLANNING OR STRATEGY ERROR

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

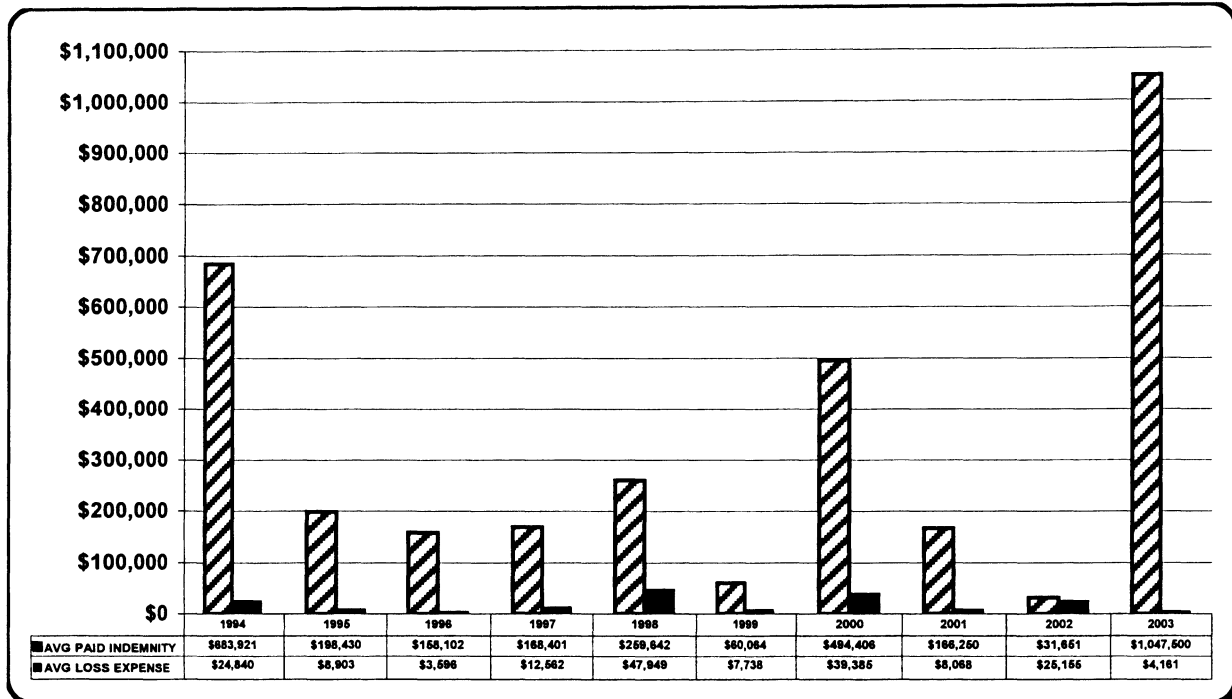


### CLAIM COUNT

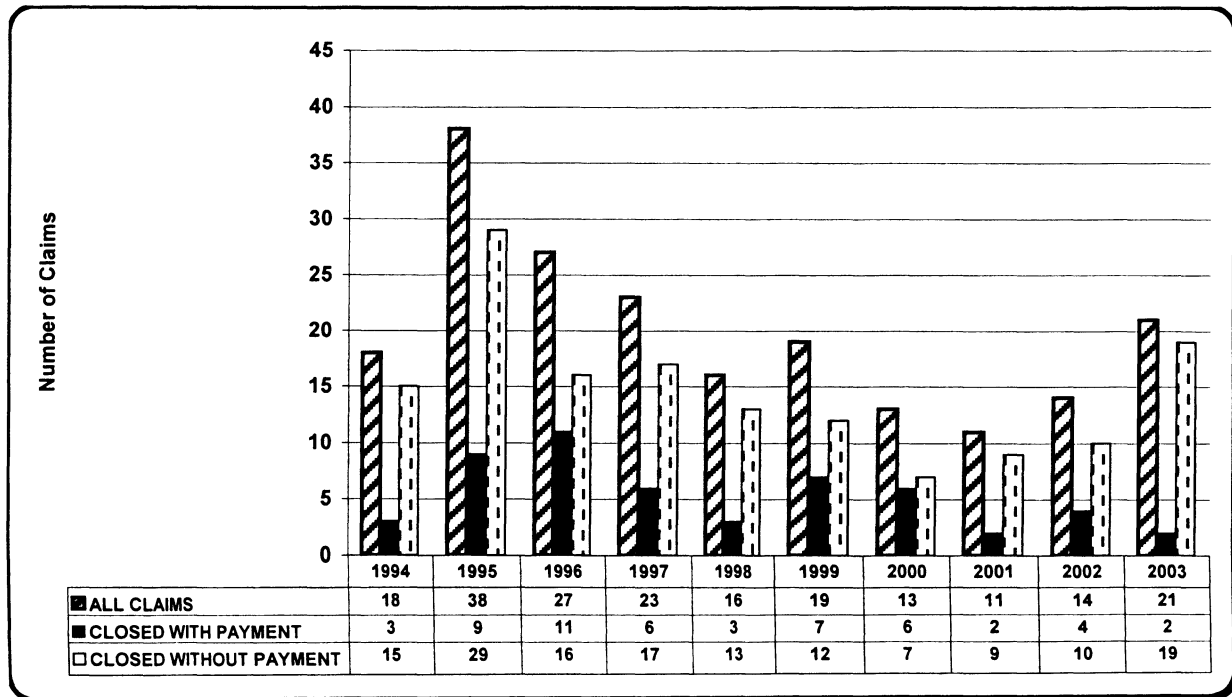


## FAIL TO KNOW OR PROPERLY APPLY THE LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

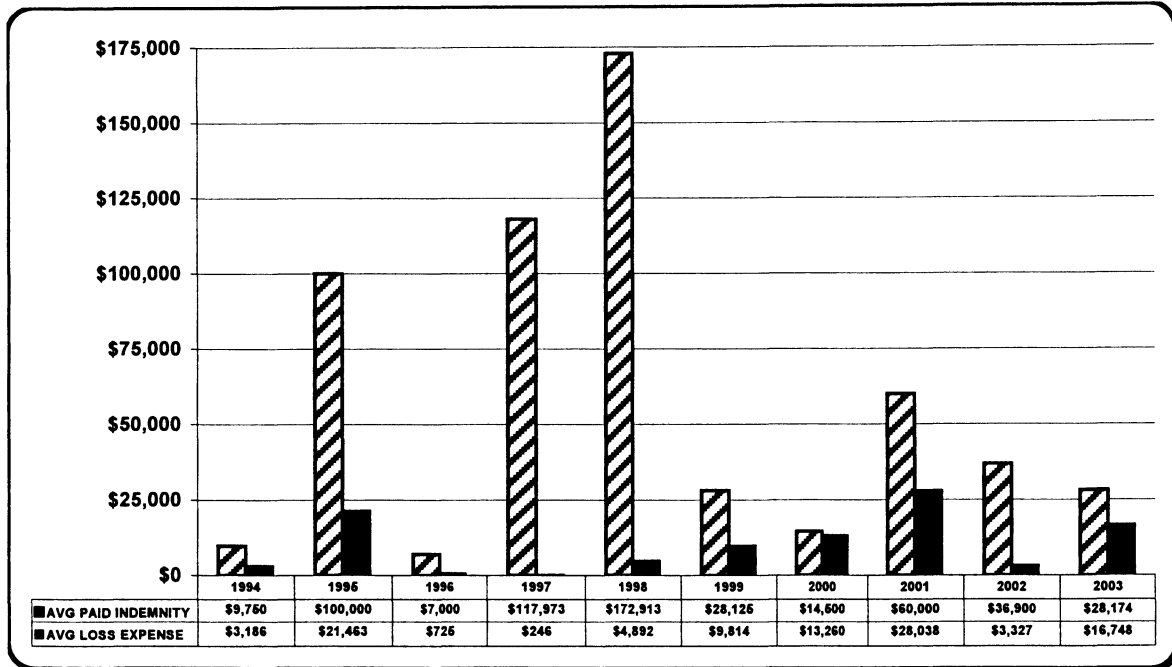


### CLAIM COUNT

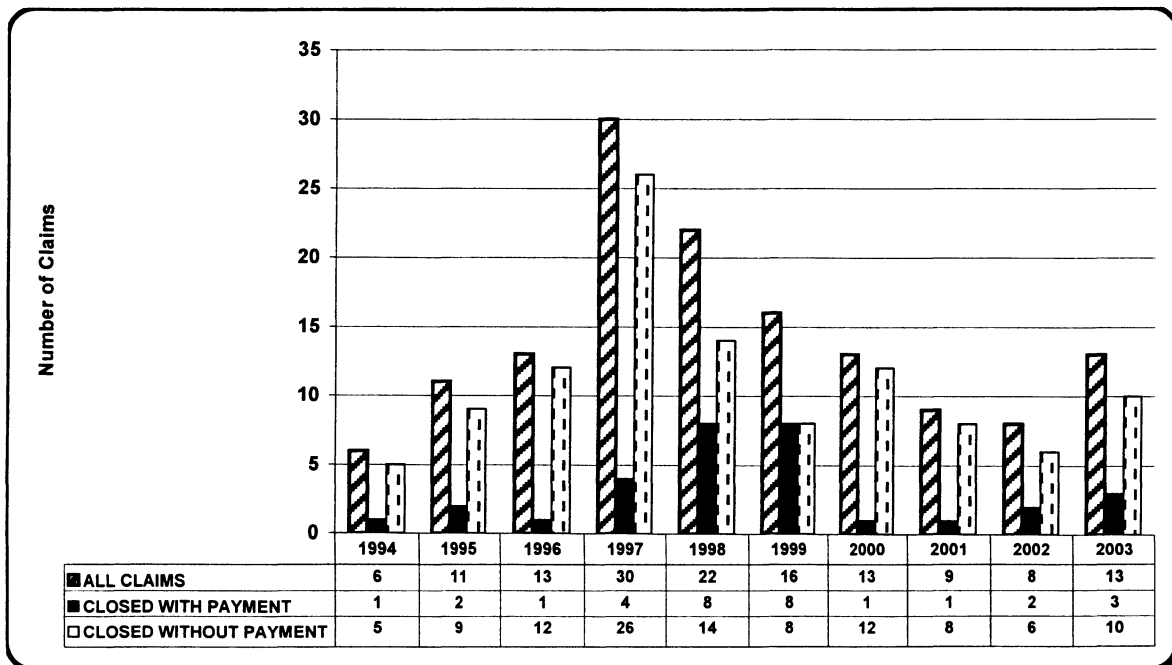


## FAIL TO FOLLOW CLIENTS INSTRUCTIONS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

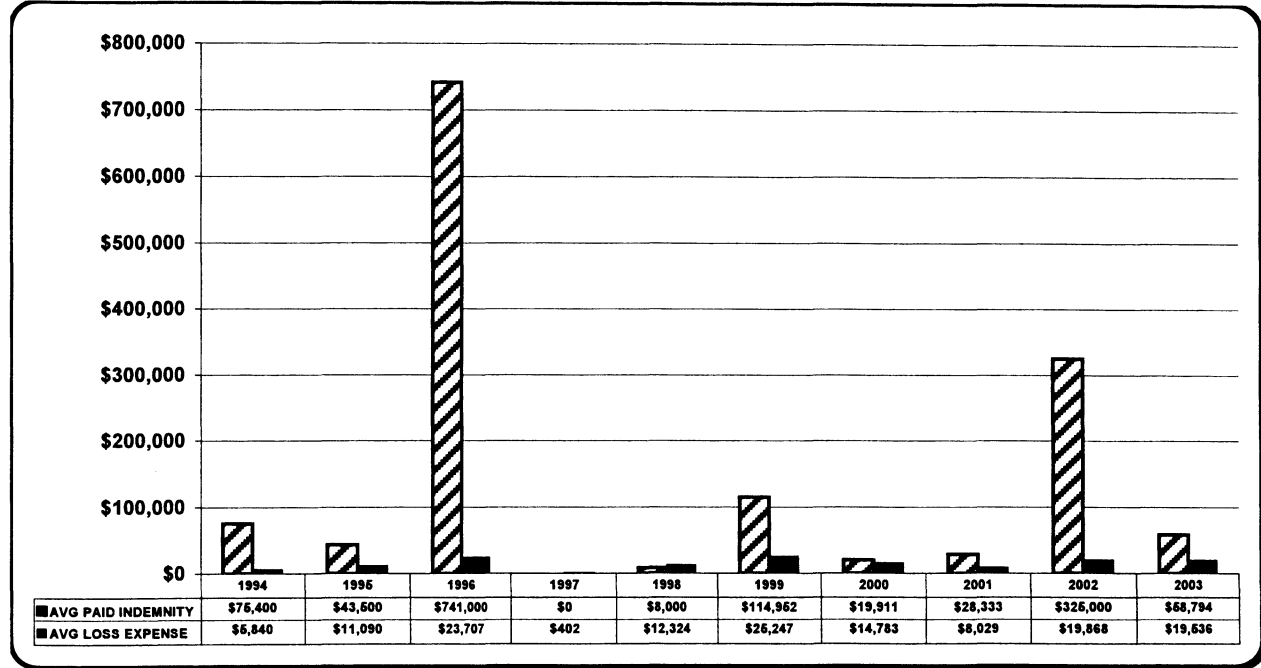


### CLAIM COUNT

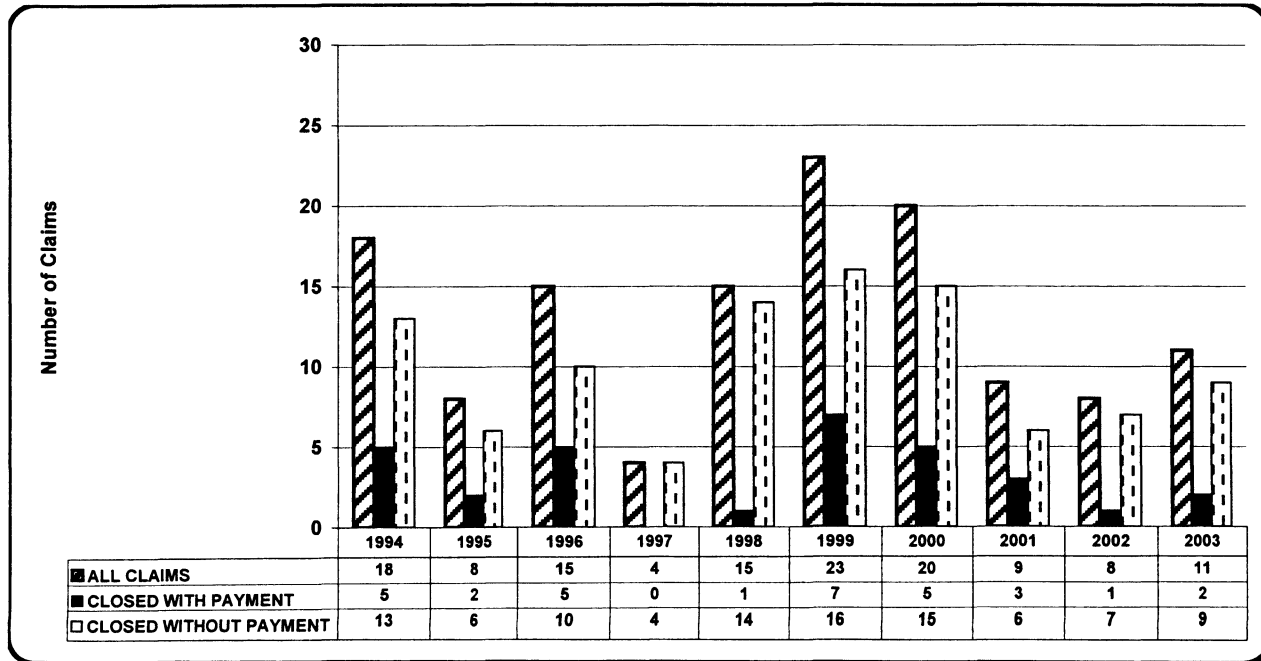


## CONFLICT OF INTEREST

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

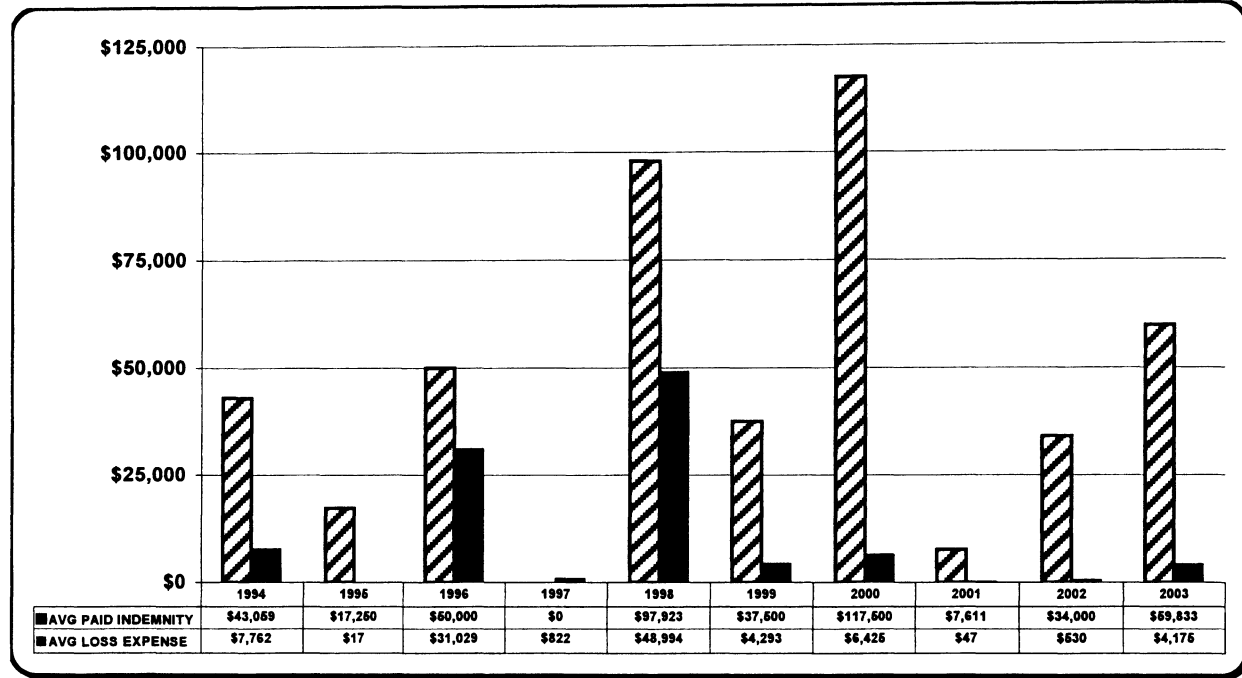


### CLAIM COUNT

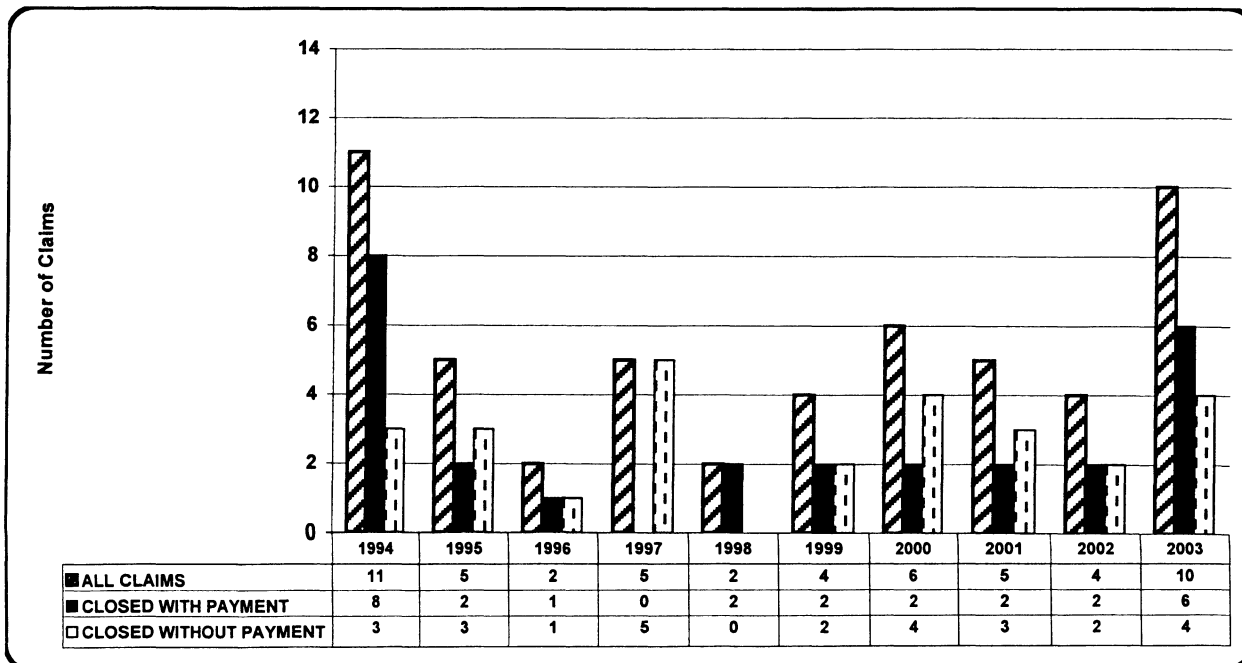


## FAILURE TO REACT TO CALENDAR

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

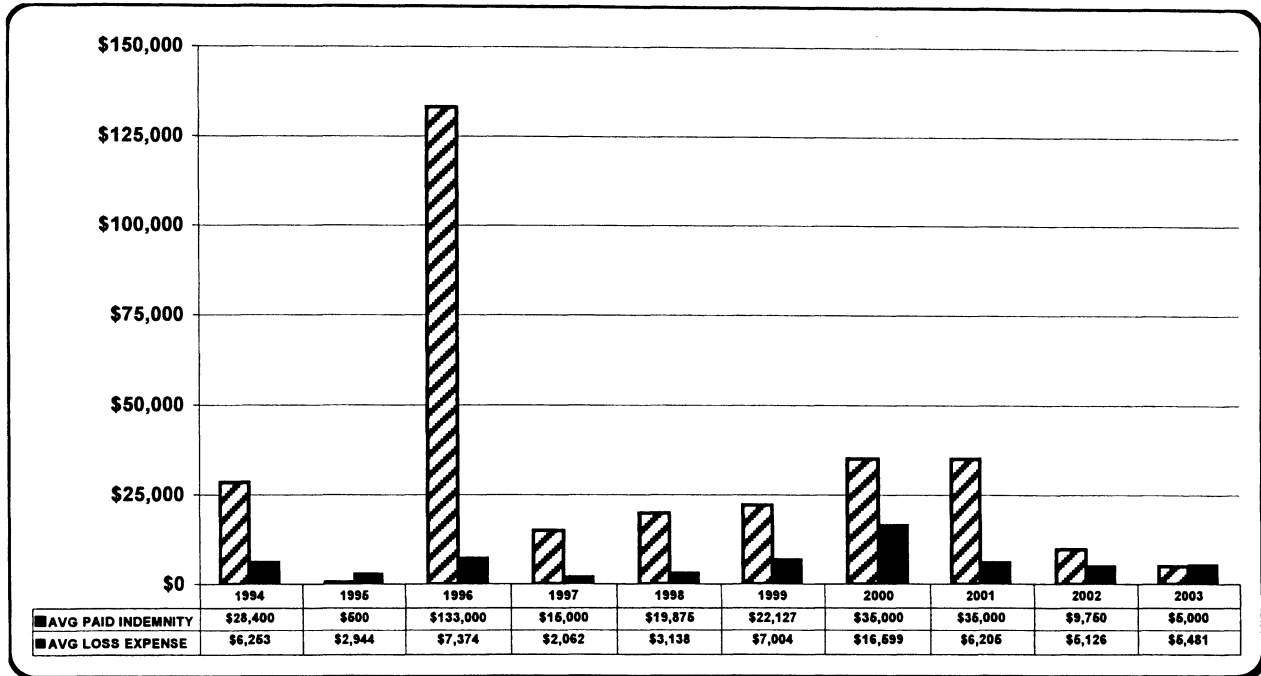


### CLAIM COUNT

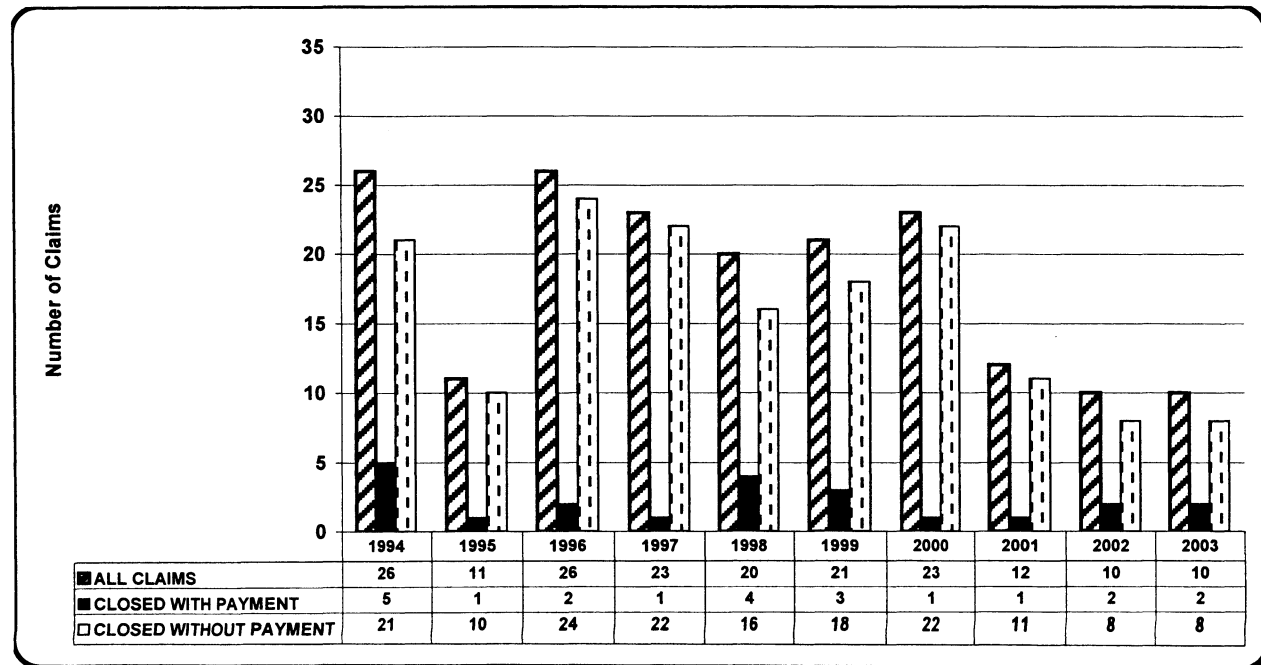


## MALICIOUS PROSECUTION OR ABUSE OF PROCESS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
CLAIM DISPOSITIONS**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1994 – 2003

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	1278	354	50.79%	\$54,834	\$19,411,380	27.30%	\$1,147
BEFORE TRIAL OR HEARING	960	297	42.61%	\$145,566	\$43,233,083	60.79%	\$18,453
CLAIM OR SUIT ABANDONED	203	0	0.00%	\$0	\$0	0.00%	\$872
AFTER APPEAL	87	11	1.58%	\$132,035	\$1,452,387	2.04%	\$48,122
DURING TRIAL OR HEARING	39	14	2.01%	\$182,331	\$2,552,627	3.59%	\$30,519
AFTER JUDGMENT, BEFORE APPEAL	38	9	1.29%	\$167,263	\$1,505,370	2.12%	\$19,833
DURING APPEAL	28	7	1.00%	\$152,610	\$1,068,267	1.50%	\$55,301
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	23	5	0.72%	\$378,569	\$1,892,845	2.66%	\$27,994
DURING REVIEW PANEL	3	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	2,659	697	100.00%	\$102,032	\$71,115,959	100.00%	\$10,410

# **LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2003**

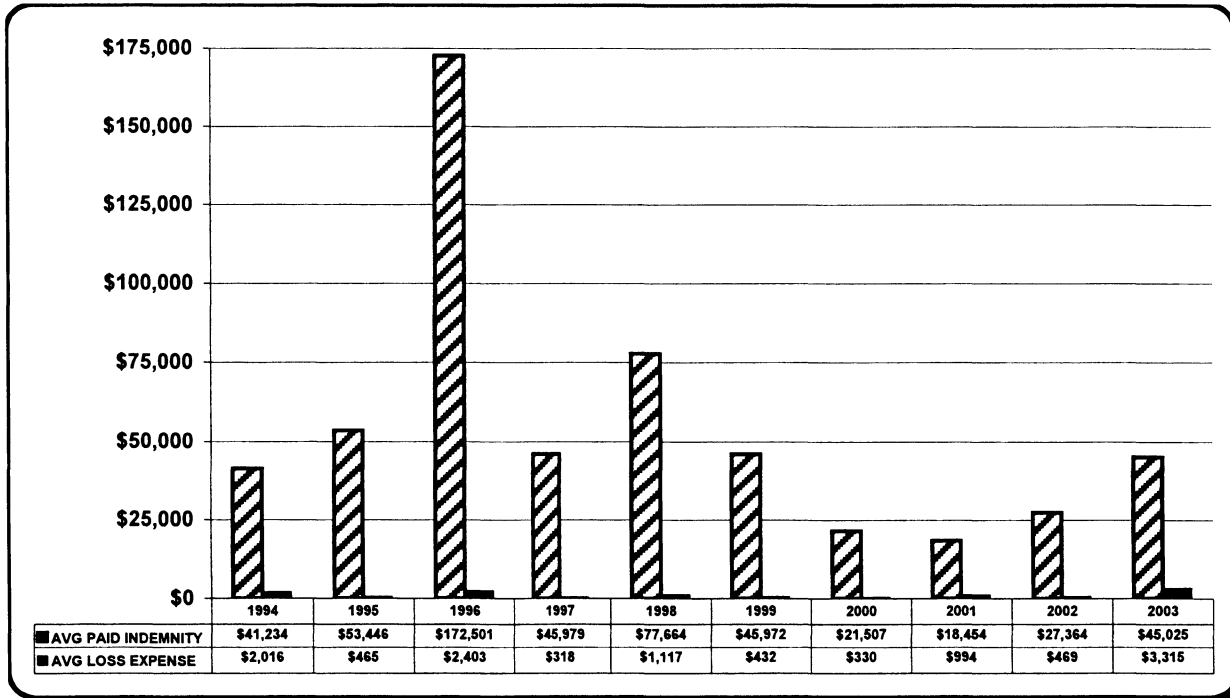
CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	116	35	55.56%	\$45,025	\$1,575,863	23.66%	\$3,315
BEFORE TRIAL OR HEARING	103	25	39.68%	\$181,991	\$4,549,777	68.31%	\$15,328
CLAIM OR SUIT ABANDONED	29	0	0.00%	\$0	\$0	0.00%	\$8
AFTER APPEAL	8	0	0.00%	\$0	\$0	0.00%	\$11,868
AFTER JUDGMENT, BEFORE APPEAL	5	0	0.00%	\$0	\$0	0.00%	\$0
DURING APPEAL	5	2	3.17%	\$256,634	\$513,267	7.71%	\$100,598
DURING TRIAL OR HEARING	3	0	0.00%	\$0	\$0	0.00%	\$4,410
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	2	1	1.59%	\$22,000	\$22,000	0.33%	\$17,605
DURING REVIEW PANEL	2	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	273	63	100.00%	\$105,729	\$6,660,907	100.00%	\$9,560

**TRENDS  
OF THE TOP NINE  
CLAIM DISPOSITIONS  
OF 2003**

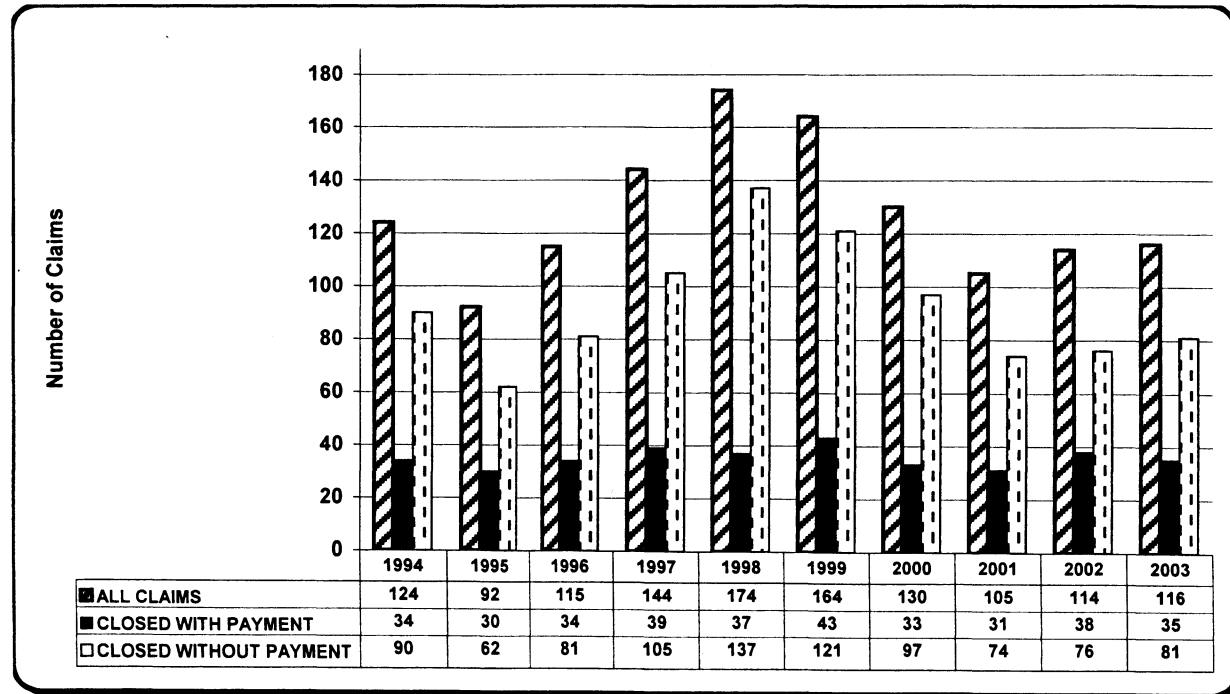


## BEFORE FILING SUIT OR DEMANDING HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

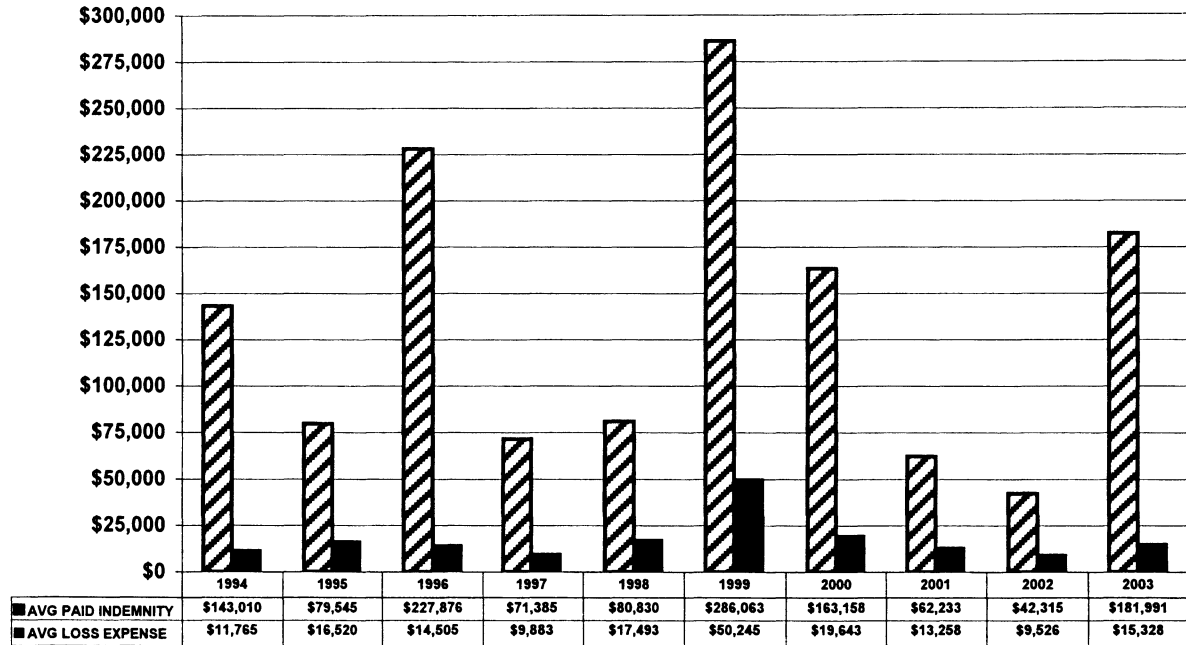


### CLAIM COUNT

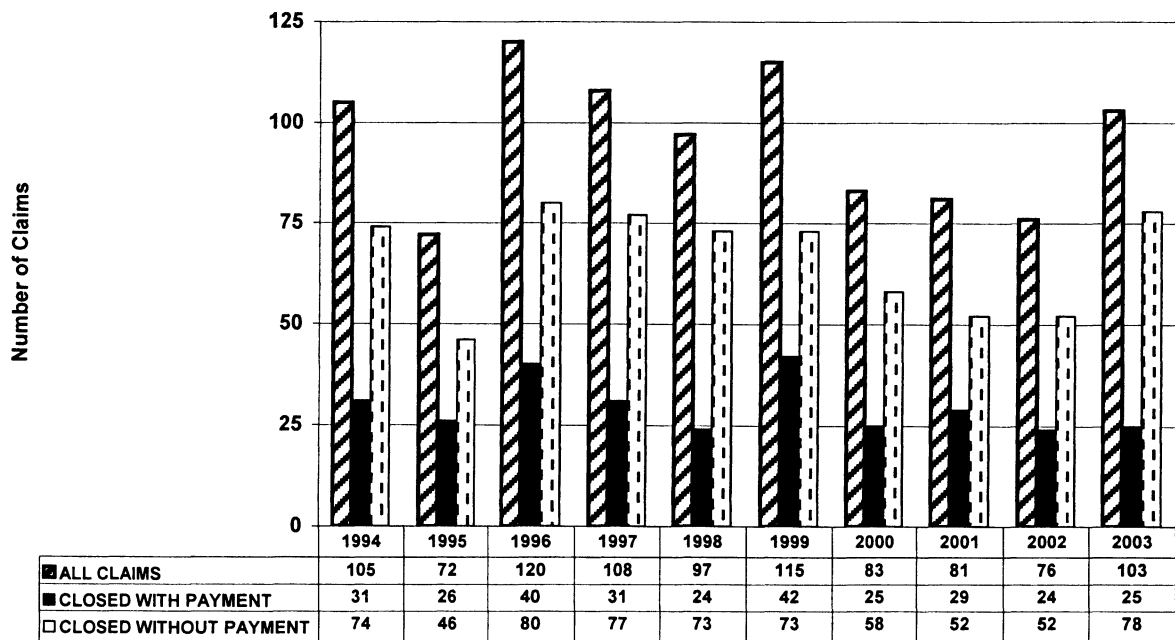


## BEFORE TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

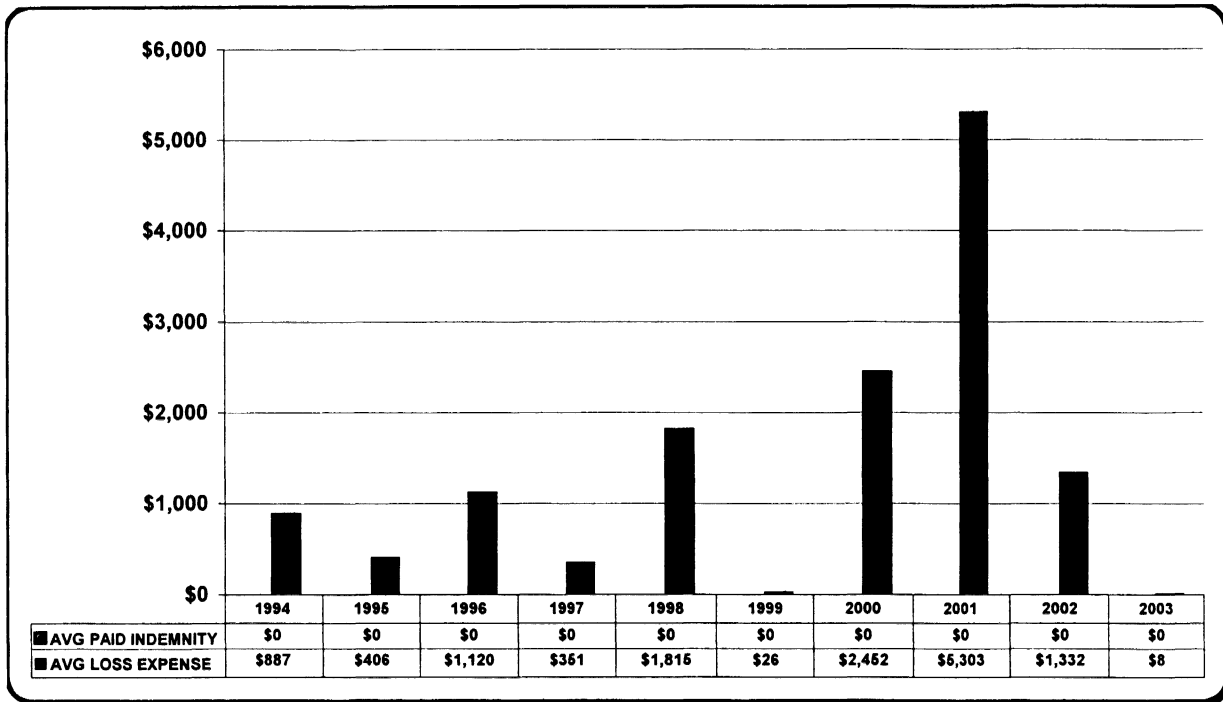


### CLAIM COUNT

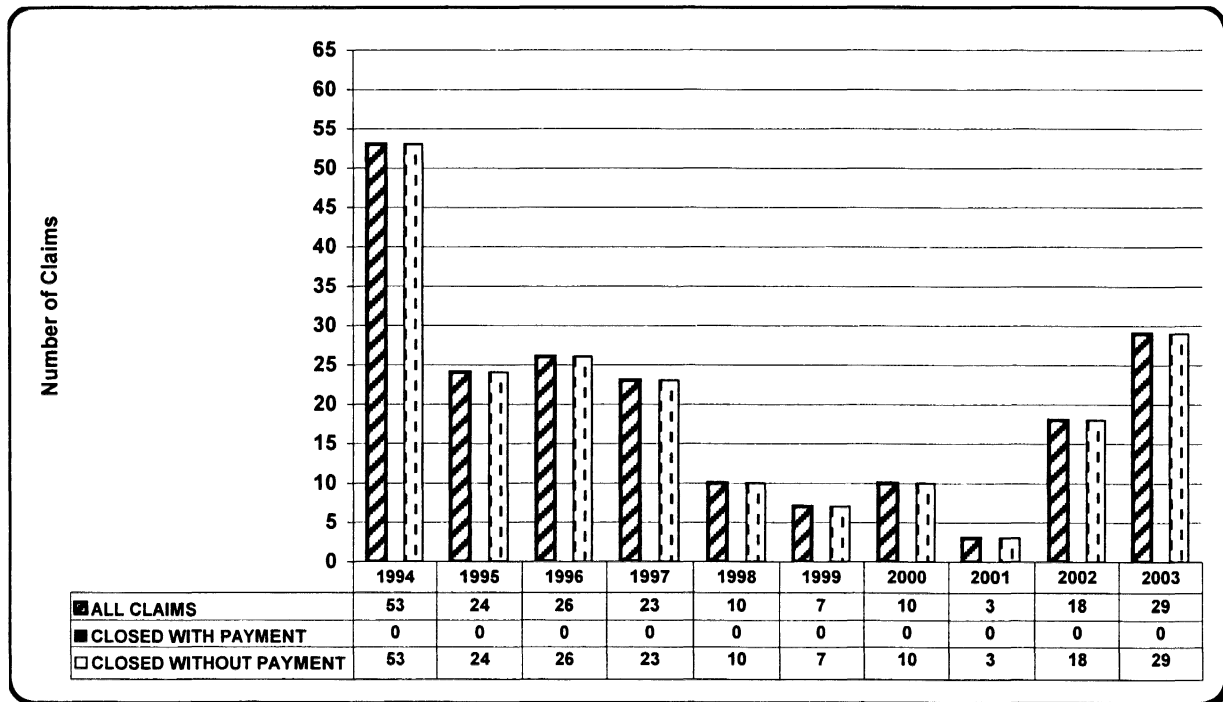


## CLAIM OR SUIT ABANDONED

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

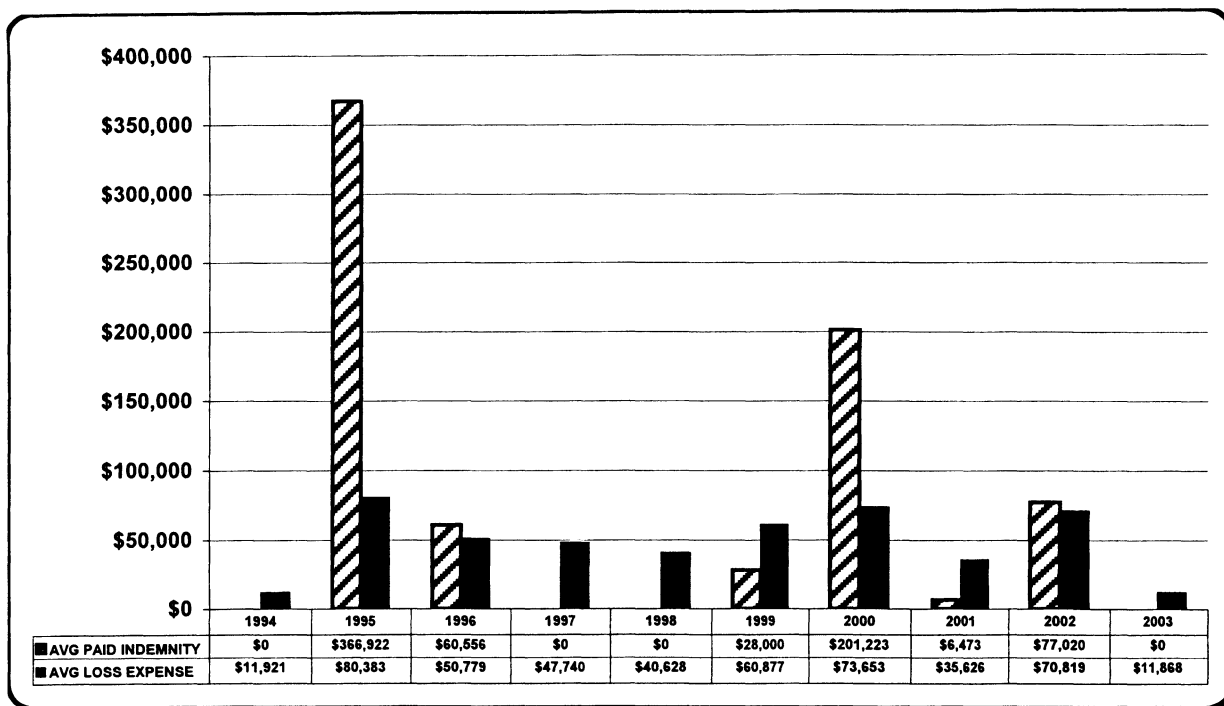


## CLAIM COUNT

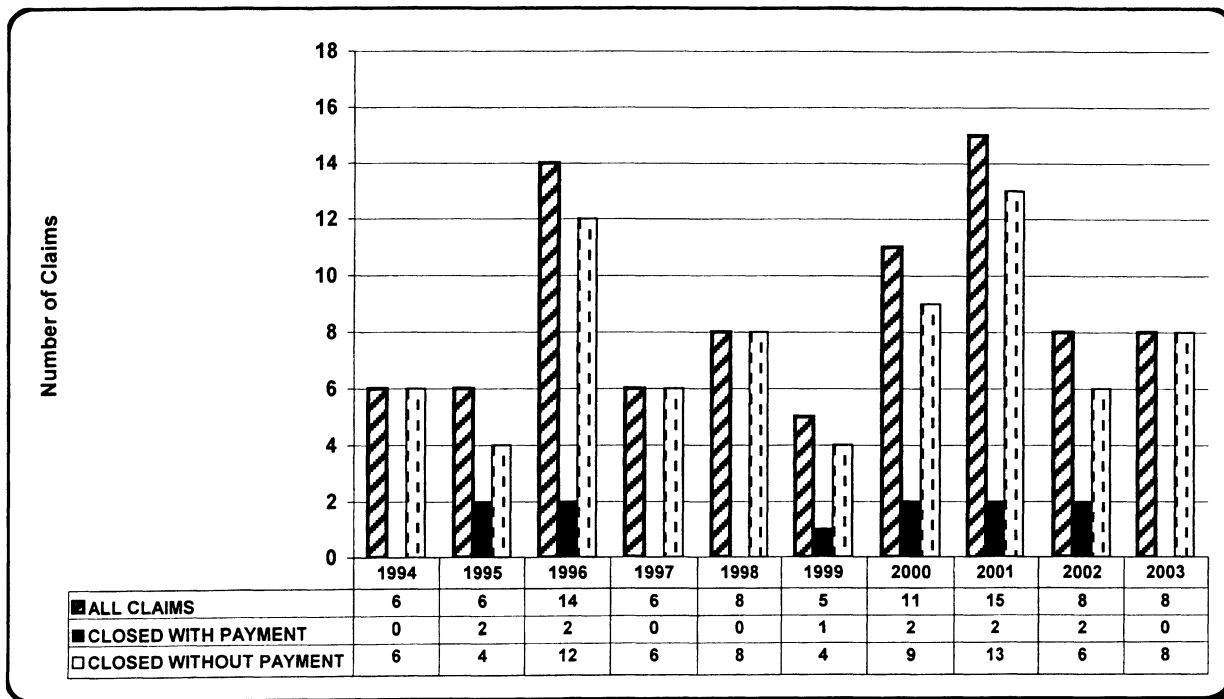


## AFTER APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

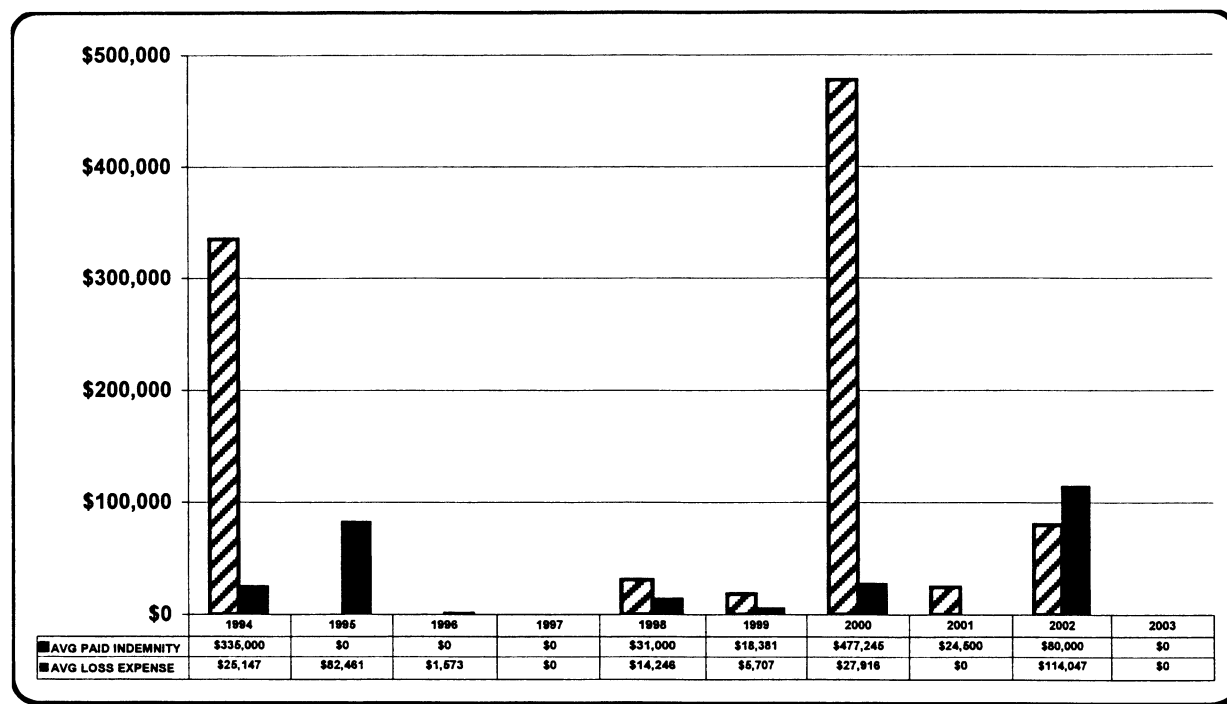


### CLAIM COUNT

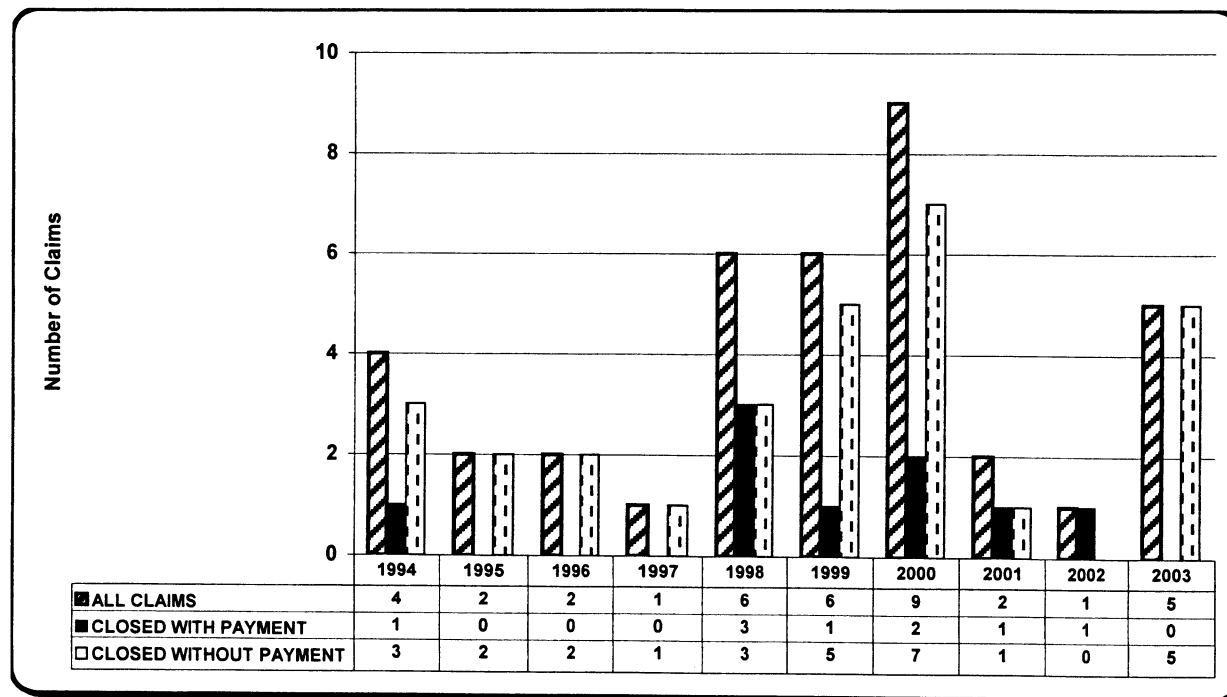


## AFTER JUDGMENT, BEFORE APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

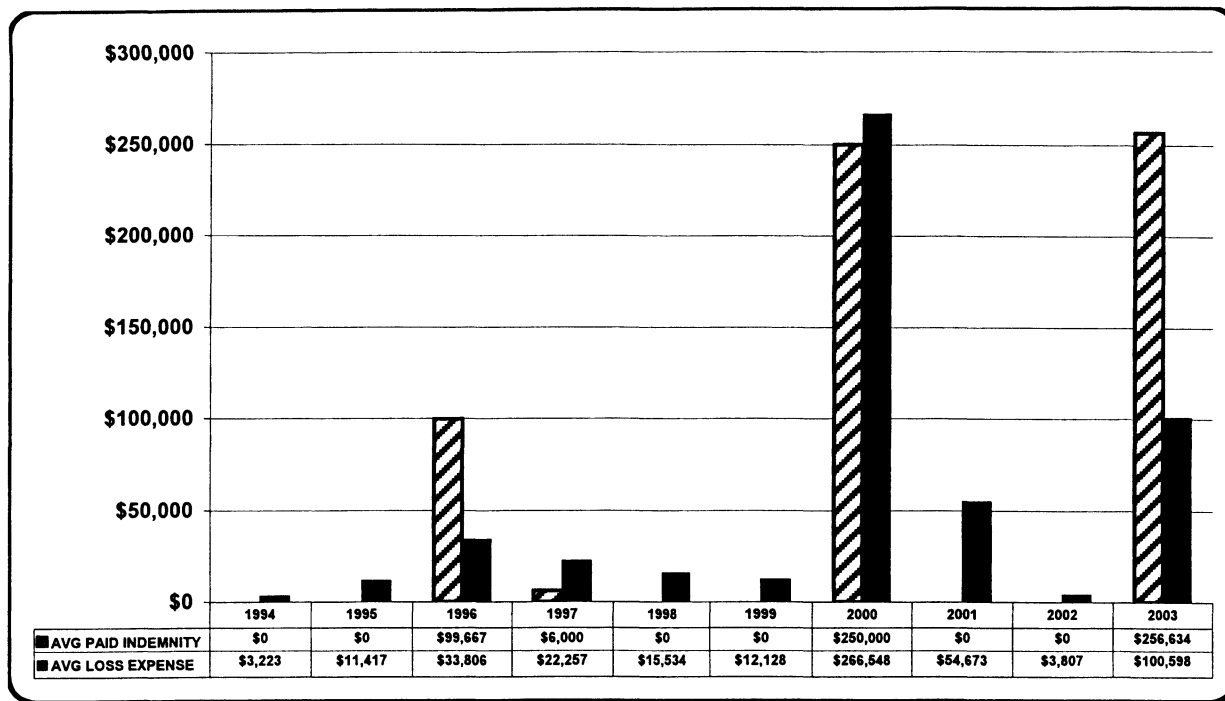


### CLAIM COUNT

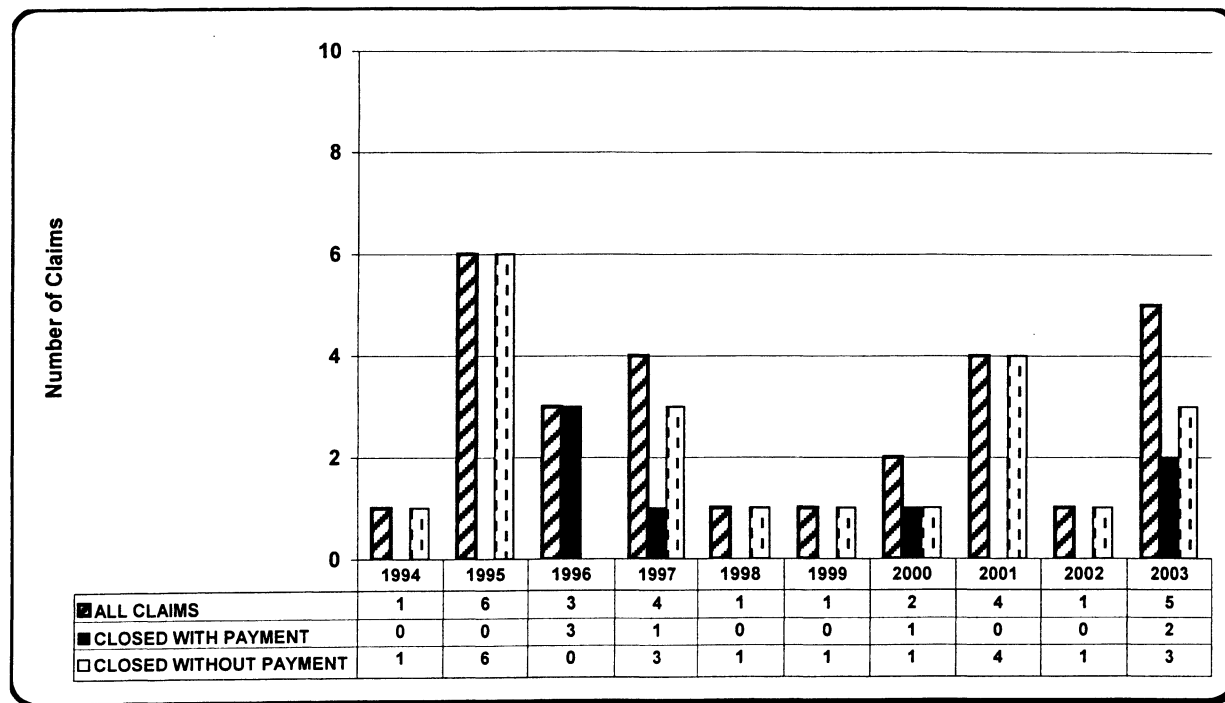


## DURING APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

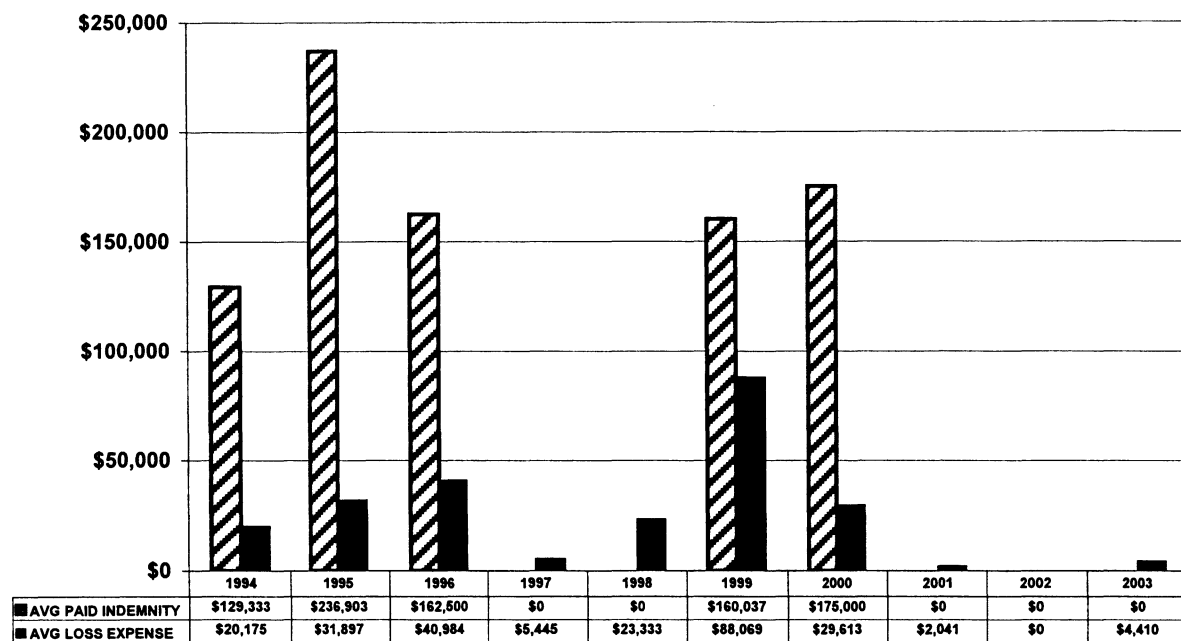


### CLAIM COUNT

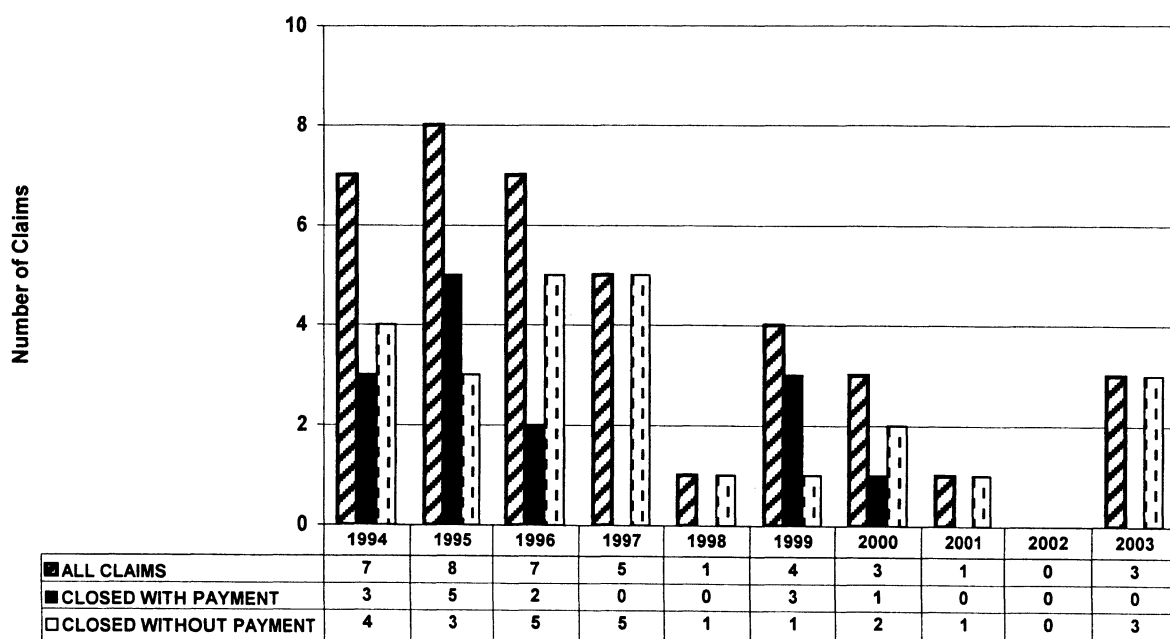


## DURING TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

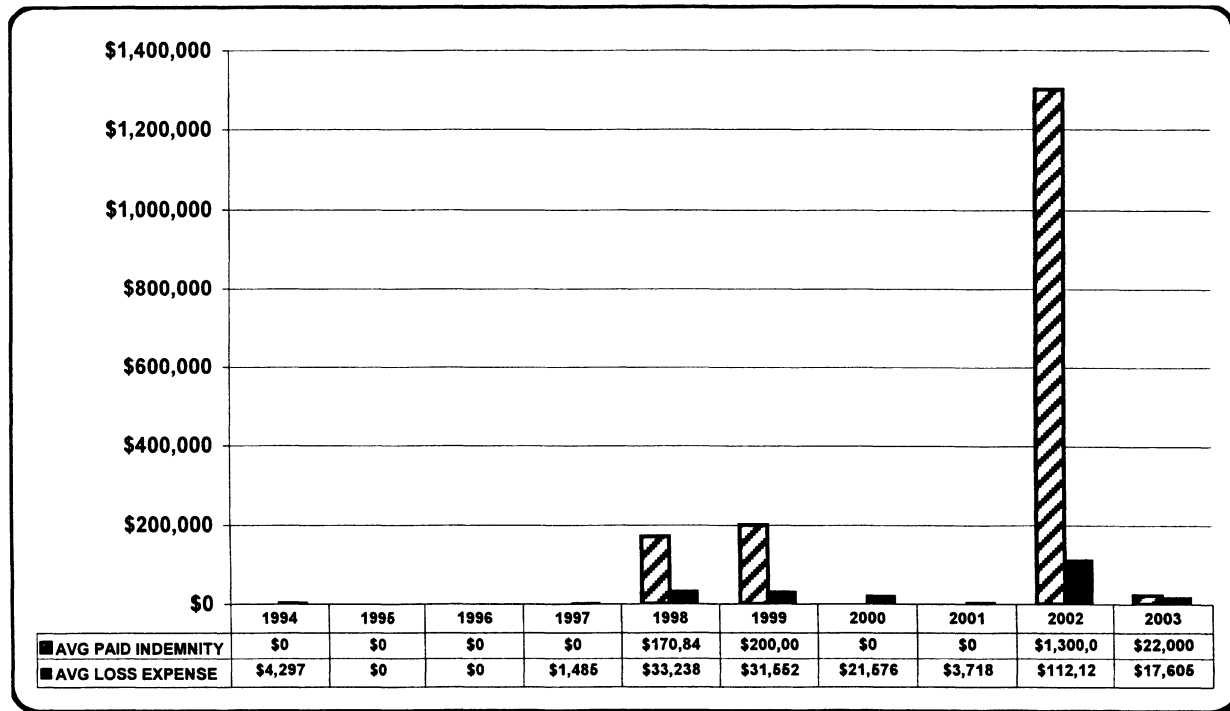


### CLAIM COUNT

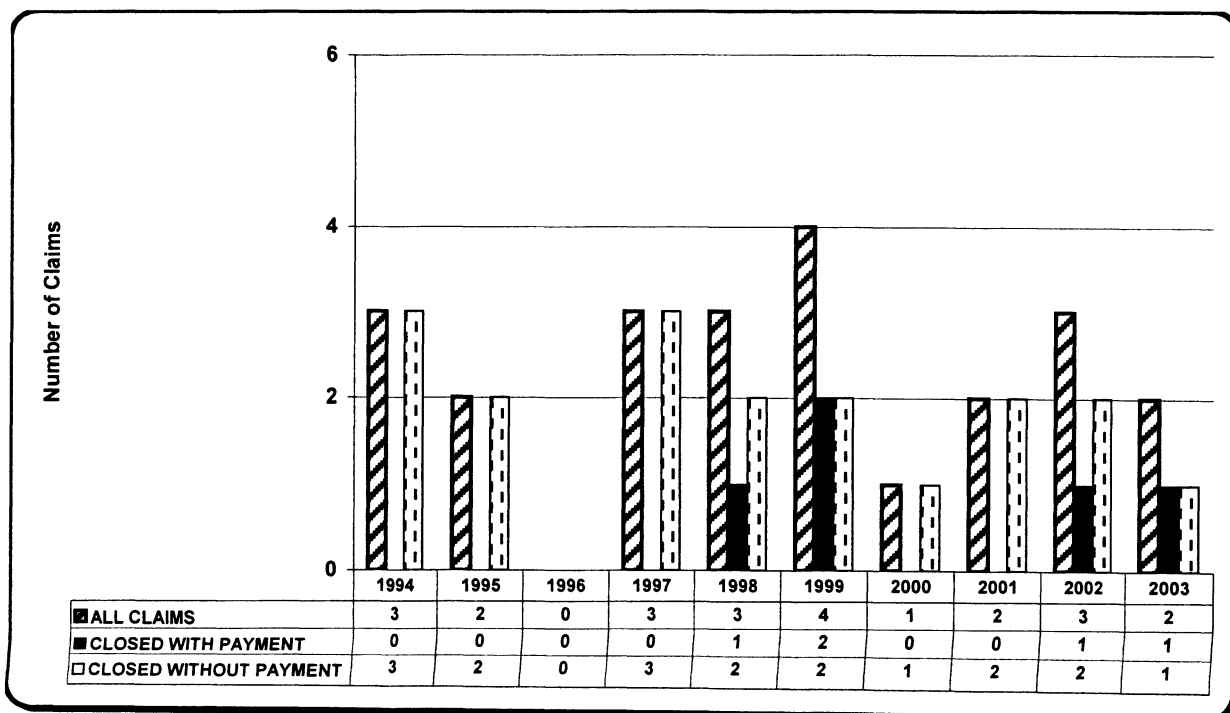


## AFTER TRIAL OR HEARING, BEFORE JUDGMENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

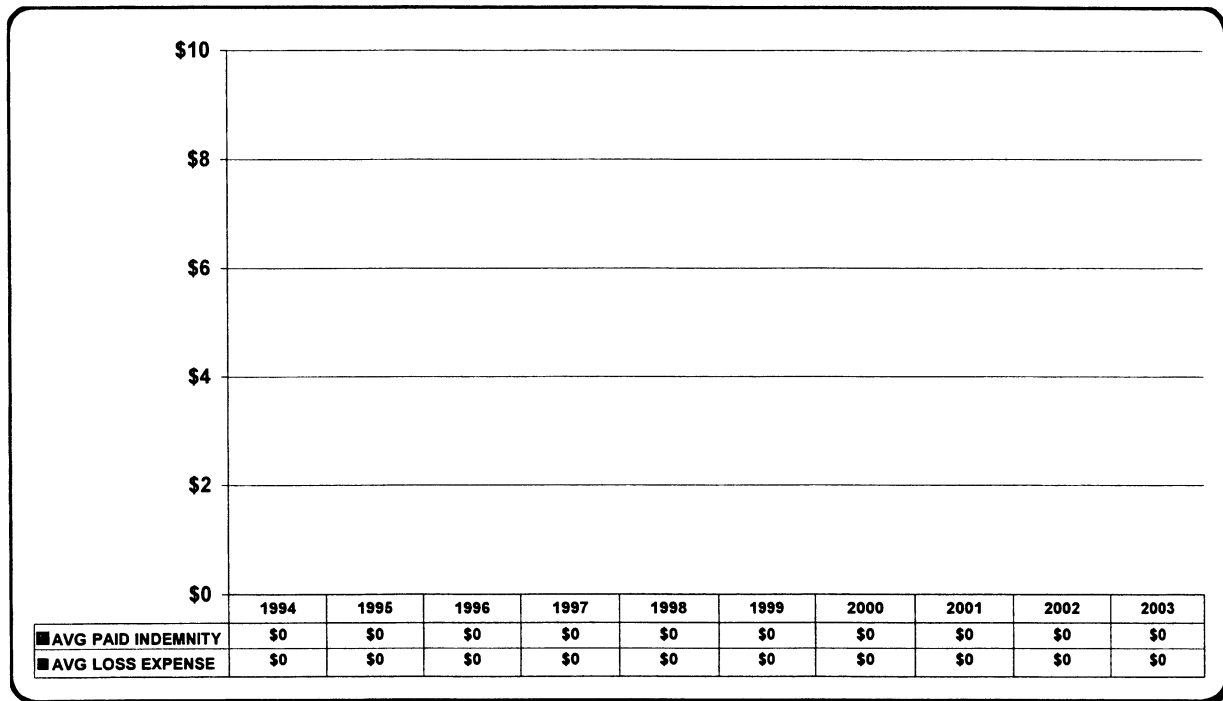


### CLAIM COUNT

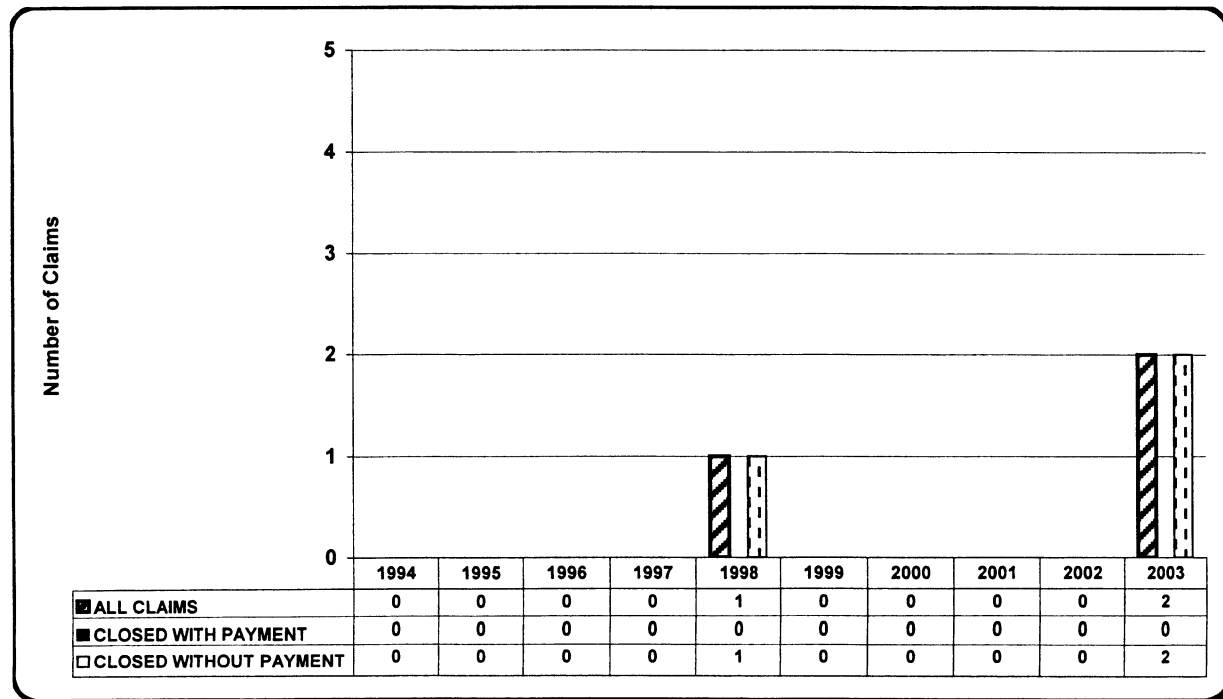


## DURING REVIEW PANEL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1994 – 2003**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	2,328	608	87.23%	\$101,148	\$61,498,239	86.48%	\$11,023
4 TO 10 YEARS	264	77	11.05%	\$107,840	\$8,303,710	11.68%	\$7,011
UNDER 4 YEARS	67	12	1.72%	\$109,501	\$1,314,010	1.85%	\$2,510
TOTAL	2,659	697	100.00%	\$102,032	\$71,115,959	100.00%	\$10,410

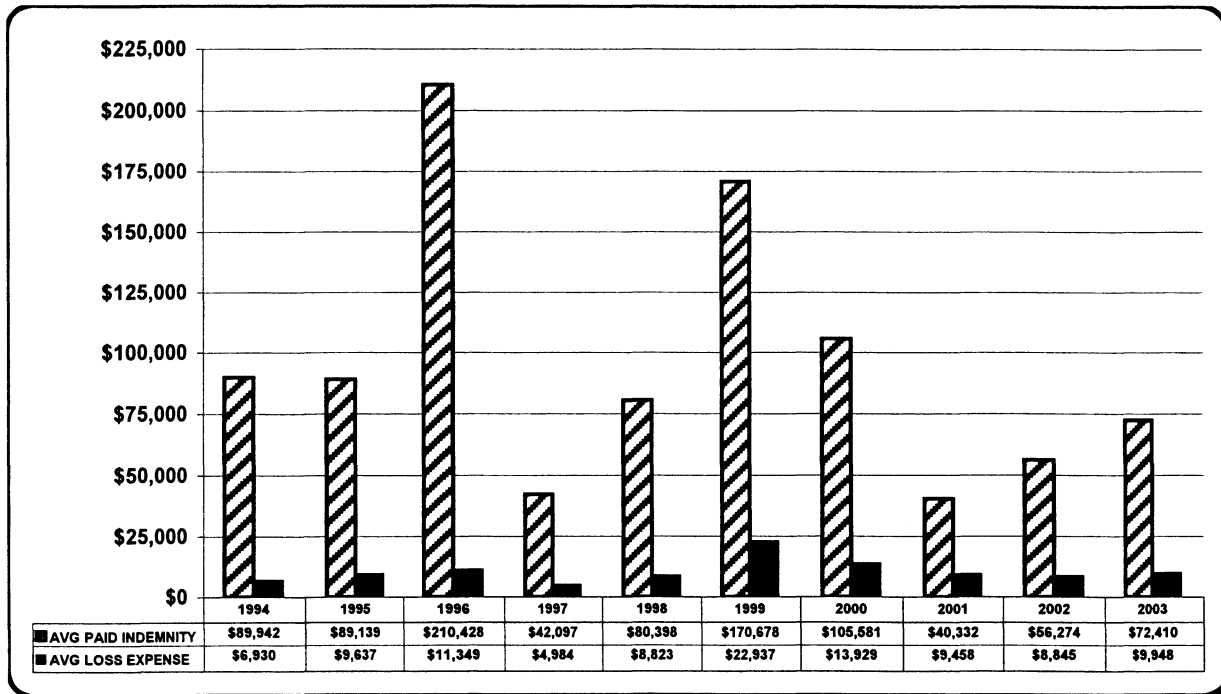
**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2003**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	256	59	93.65%	\$72,410	\$4,272,167	64.14%	\$9,948
4 TO 10 YEARS	14	4	6.35%	\$597,185	\$2,388,740	35.86%	\$3,504
UNDER 4 YEARS	3	0	0.00%	\$0	\$0	0.00%	\$4,719
TOTAL	273	63	100.00%	\$105,729	\$6,660,907	100.00%	\$9,560

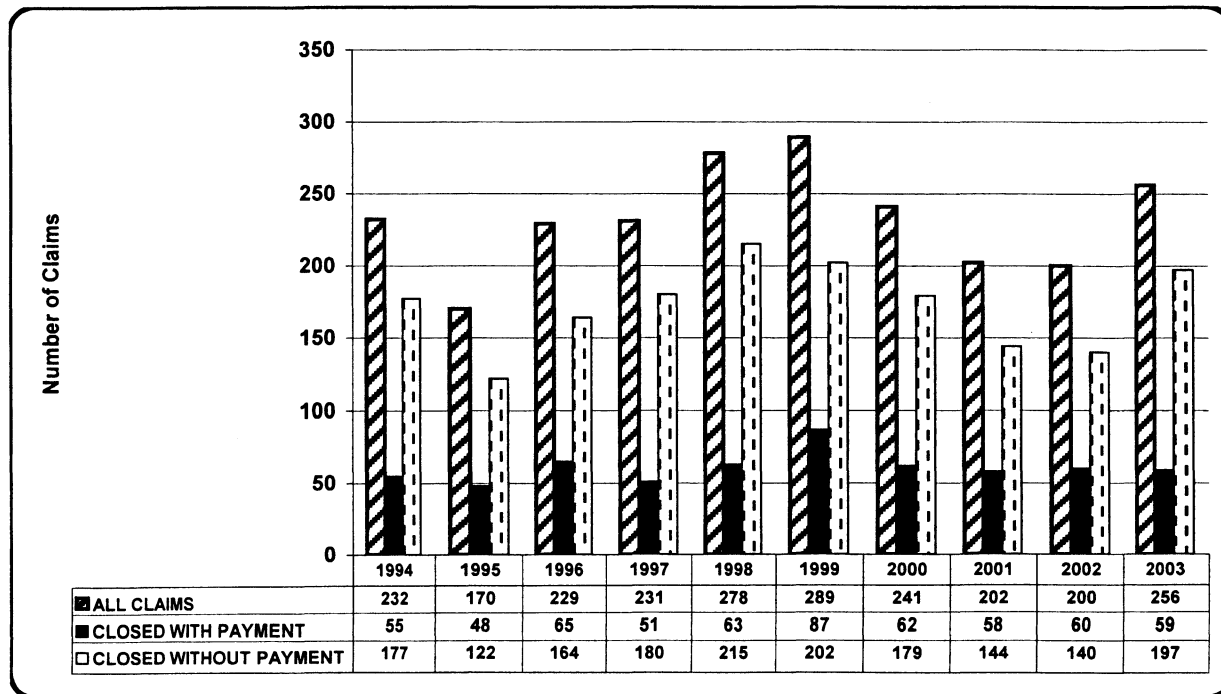
**TRENDS  
OF  
YEARS ADMITTED TO PRACTICE  
FOR 2003**

## OVER 10 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

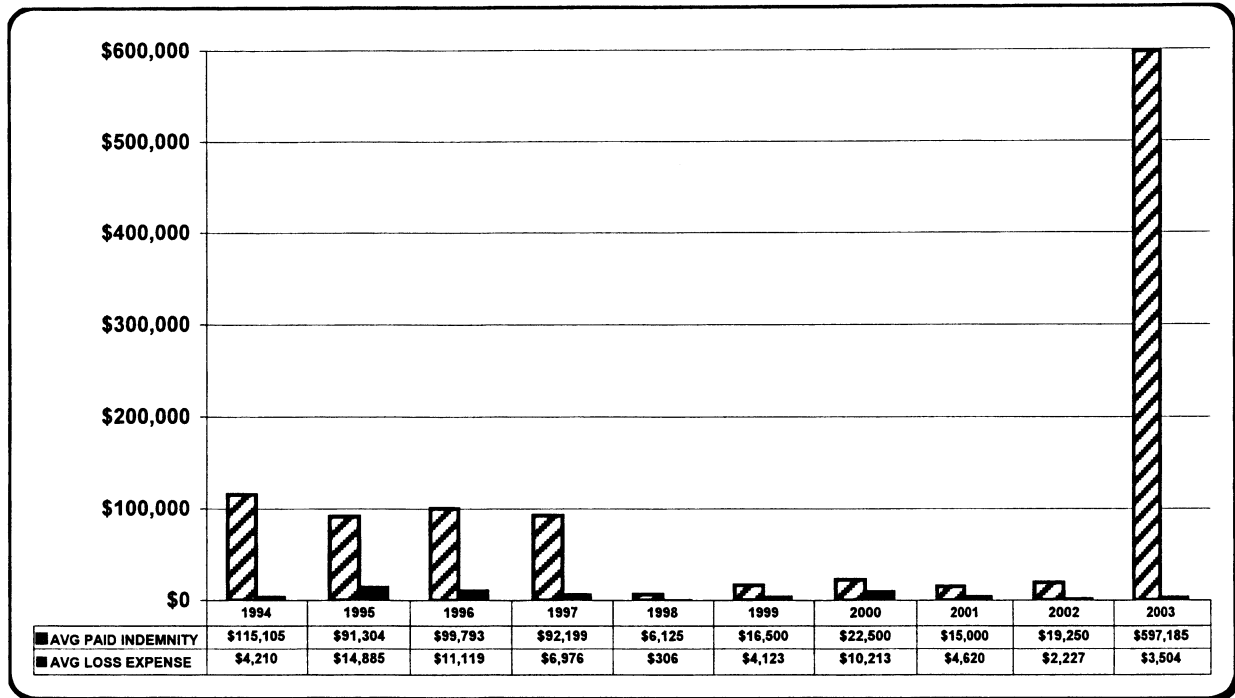


### CLAIM COUNT

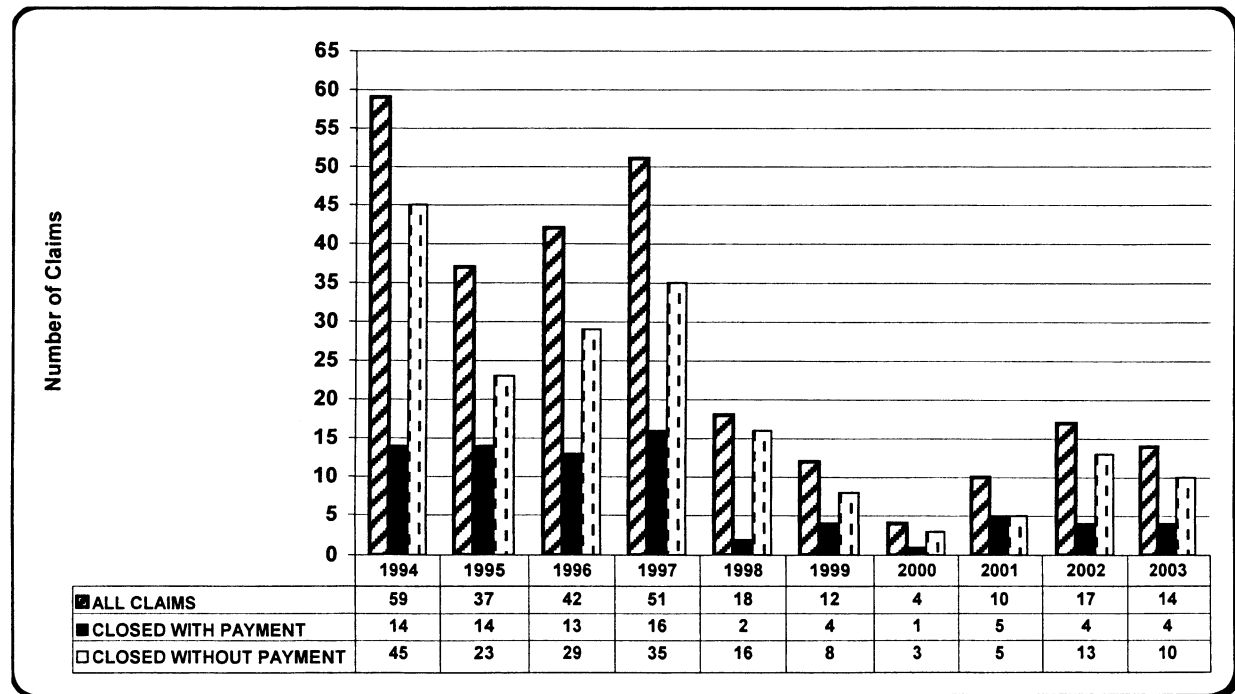


## 4 TO 10 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

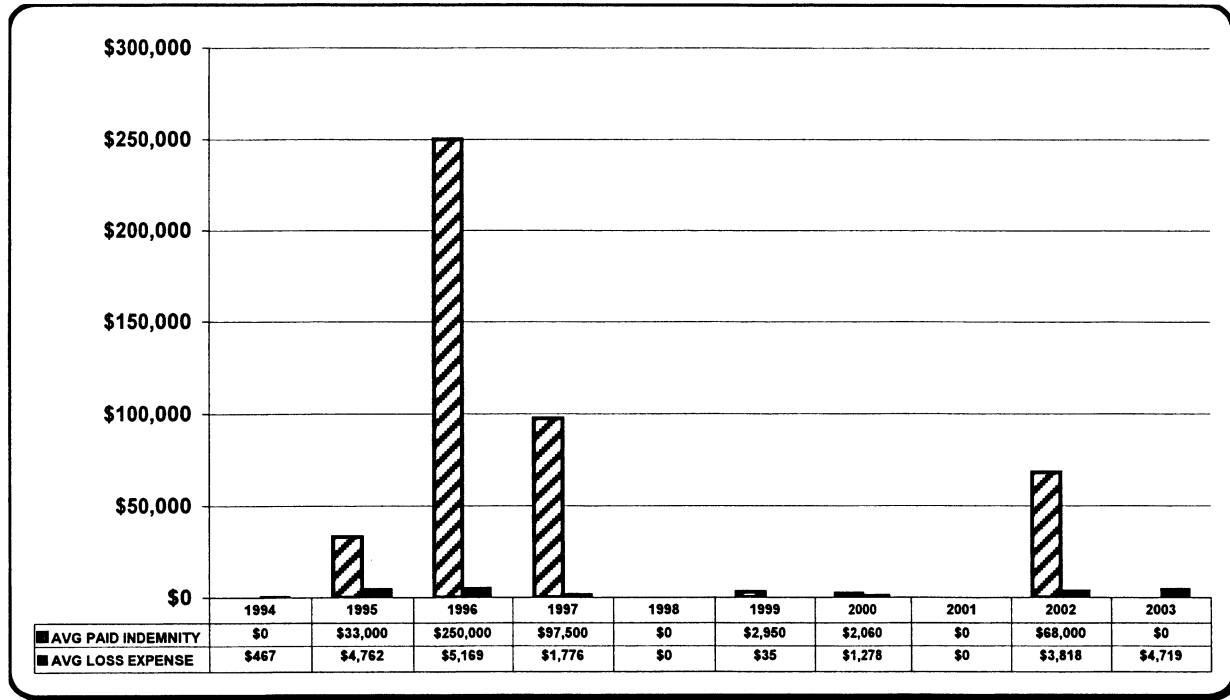


### CLAIM COUNT

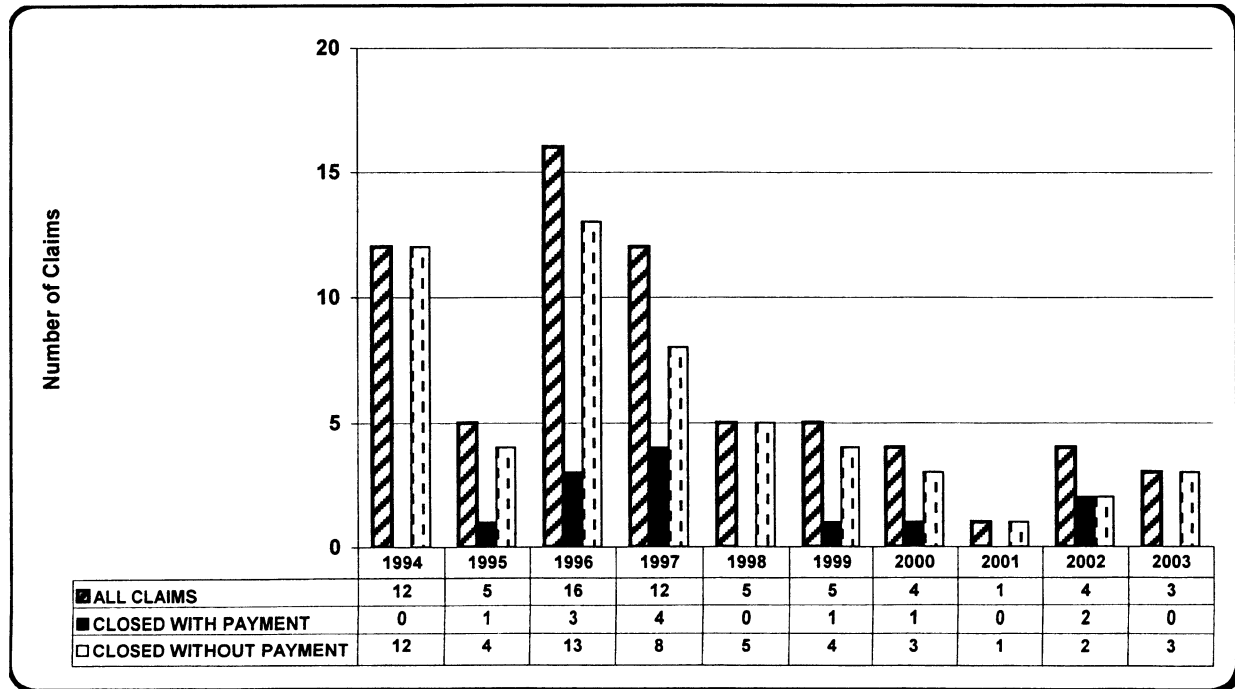


## UNDER 4 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1994 – 2003

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PREPAID LEGAL PLAN	2,148	617	88.52%	\$102,381	\$63,169,146	88.83%	\$10,311
NON-CLIENT	496	75	10.76%	\$104,498	\$7,837,314	11.02%	\$10,728
FREE LEGAL SERVICE	10	4	0.57%	\$20,625	\$82,500	0.12%	\$1,948
MEMBER PRE-PAID LEGAL PLAN	5	1	0.14%	\$27,000	\$27,000	0.04%	\$38,071
TOTAL	2,659	697	100.00%	\$102,032	\$71,115,959	100.00%	\$10,410

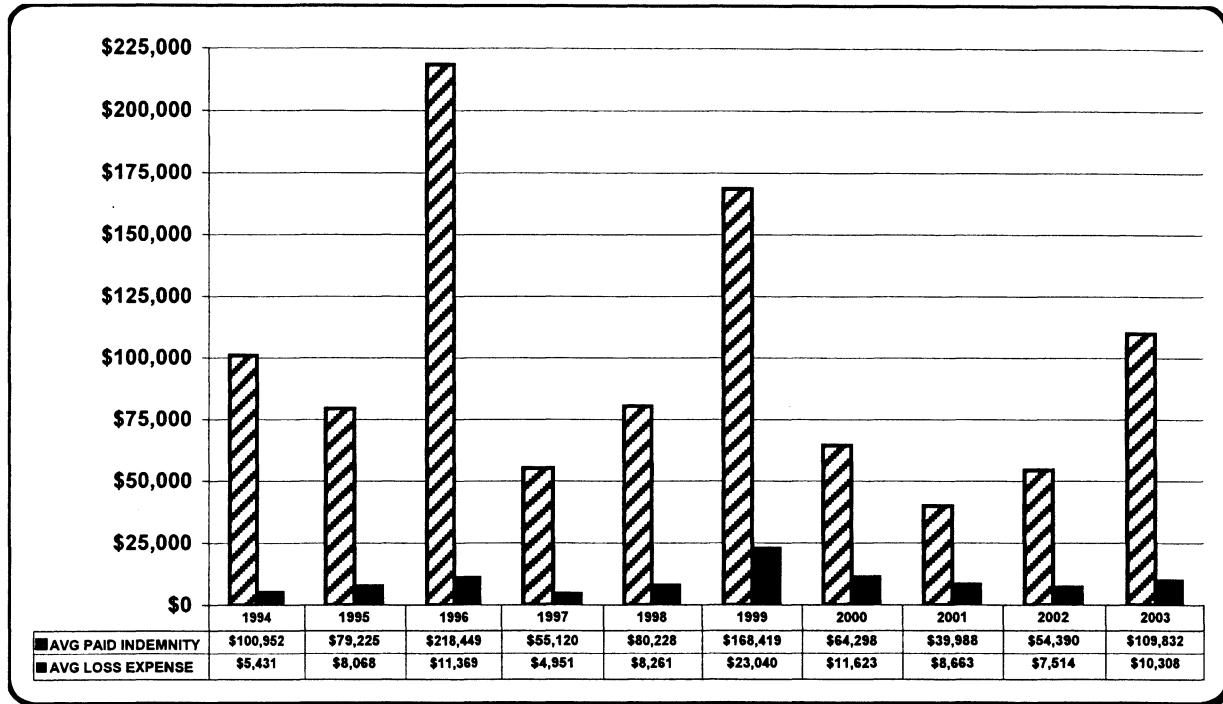
**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2003**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PREPAID LEGAL PLAN	217	59	93.65%	\$109,832	\$6,480,089	97.29%	\$10,308
NON-CLIENT	56	4	6.35%	\$45,205	\$180,818	2.71%	\$6,661
TOTAL	273	63	100.00%	\$105,729	\$6,660,907	100.00%	\$9,560

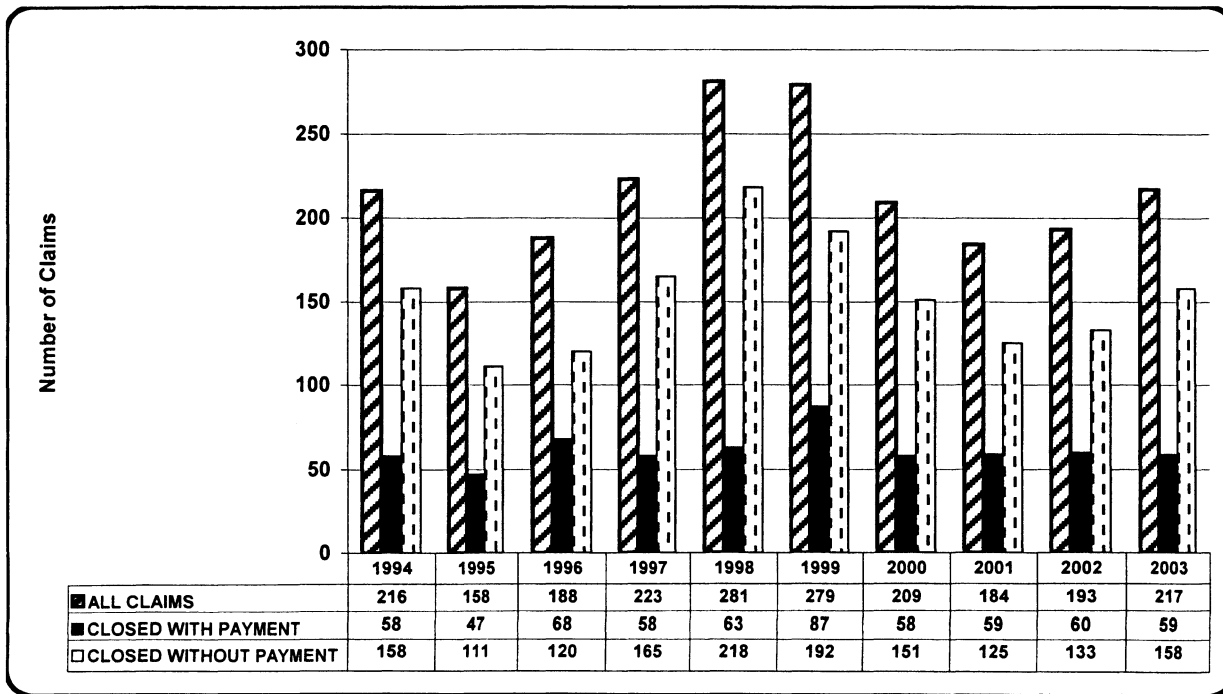
**TRENDS  
OF  
INSURED/CLAIMANT  
RELATIONSHIP  
FOR 2003**

## CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

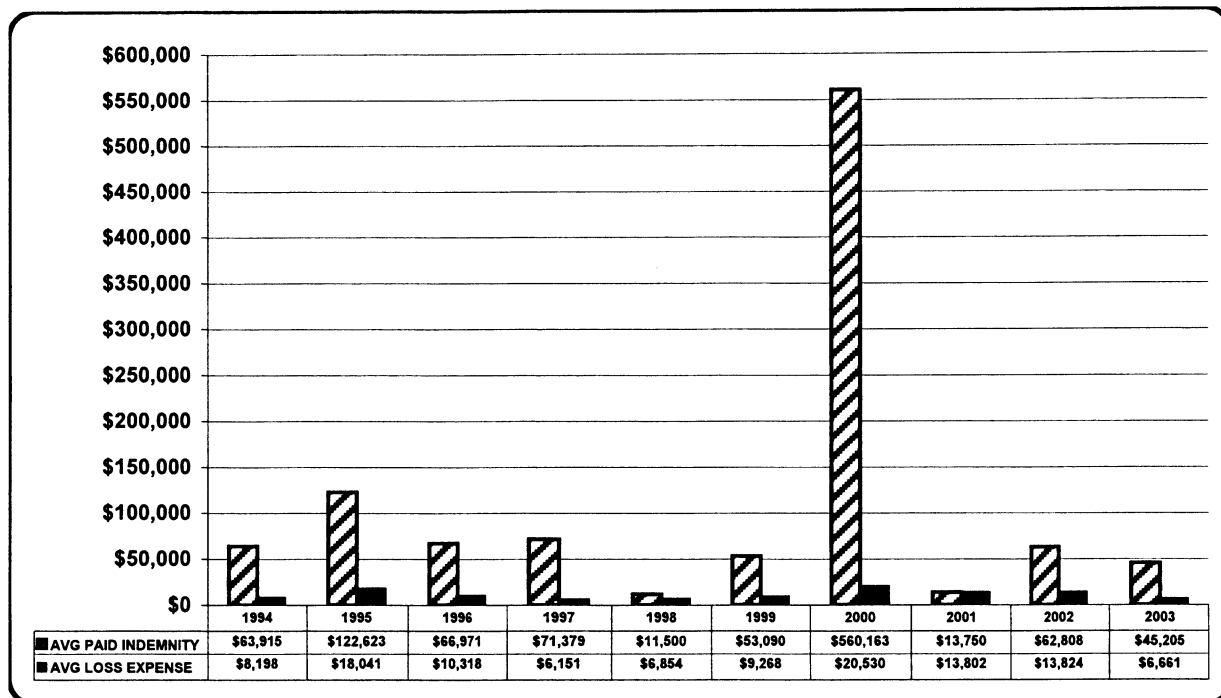


### CLAIM COUNT

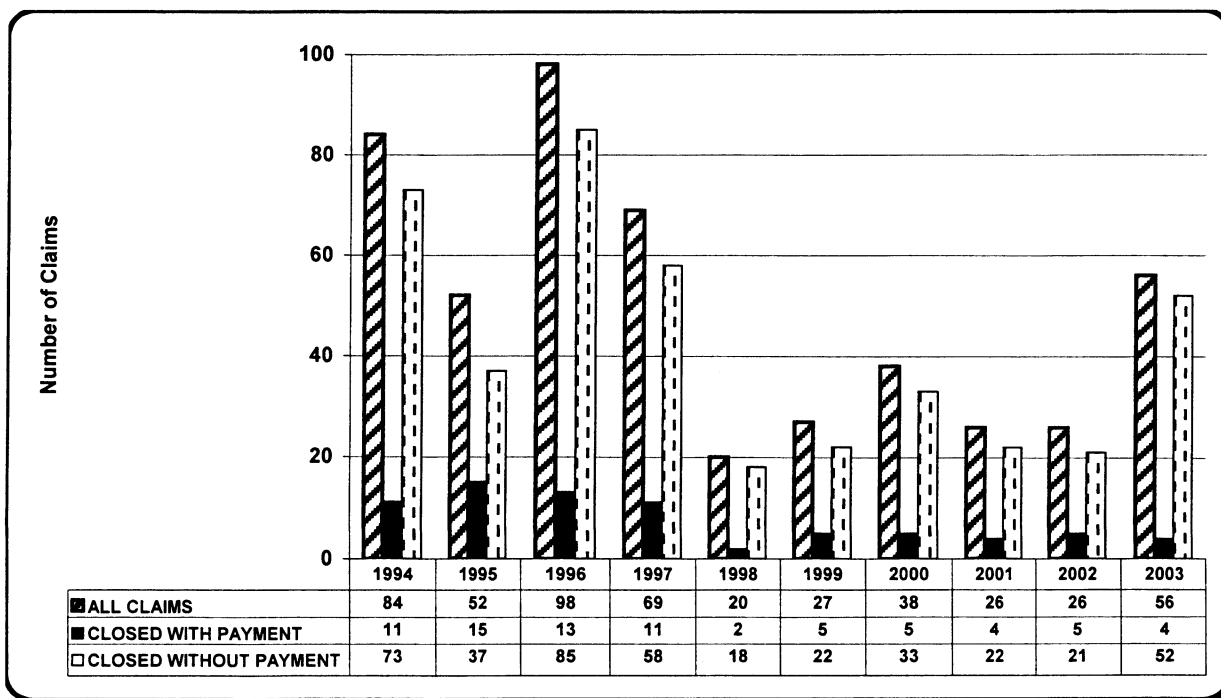


## NON-CLIENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**PREMIUM AND  
LOSS DATA**

**PAGE 26 SUPPLEMENT  
LEGAL MALPRACTICE EXPERIENCE  
WITH MARKET SHARE**

**2003 EXPERIENCE**

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE CO THE	89.20%	\$11,647,096	\$10,639,162	\$1,617,322	15.20%
20443	CONTINENTAL CASUALTY COMPANY	5.90%	\$770,865	-\$550,959	\$1,202,482	-218.25%
16691	GREAT AMERICAN INSURANCE COMPANY	2.26%	\$294,900	\$403,533	\$96,692	23.96%
24767	ST PAUL FIRE & MARINE INSURANCE CO	1.32%	\$172,797	\$299,388	-\$370,061	-123.61%
29459	TWIN CITY FIRE INS CO	0.92%	\$120,300	\$102,838	\$74,990	72.92%
42234	MINNESOTA LAWYERS MUTUAL INS COMPANY	0.37%	\$47,925	\$33,871	\$10,873	32.10%
11150	ARCH INSURANCE COMPANY	0.37%	\$47,671	\$23,892	\$11,428	47.83%
33723	GREAT AMERICAN SPIRIT INSURANCE COMPANY	0.00%	\$0	\$0	-\$1,439	N/A
26344	GREAT AMERICAN ASSURANCE COMPANY	0.00%	\$0	\$0	-\$20,946	N/A
22136	GREAT AMERICAN INS COMPANY OF NEW YORK	0.00%	\$0	-\$35,003	-\$80,637	230.37%
24902	SECURITY INSURANCE COMPANY OF HARTFORD	-0.03%	-\$4,224	-\$4,224	\$0	0.00%
10037	INTERLEX INSURANCE COMPANY	-0.30%	-\$39,652	\$759,243	\$861,915	113.52%
TOTAL		100.00%	\$13,057,678	\$11,671,741	\$3,402,619	29.15%

# **PAGE 26 SUPPLEMENT** **LEGAL MALPRACTICE EXPERIENCE**

## **TEN YEAR SUMMARY**

YEAR	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1994	\$16,489,175	\$15,654,256	\$15,863,938	101.34%
1995	\$15,119,433	\$16,142,706	\$11,619,877	71.98%
1996	\$13,807,557	\$14,103,128	\$7,300,262	51.76%
1997	\$14,580,412	\$13,614,619	\$8,059,195	59.20%
1998	\$12,554,951	\$12,992,850	\$14,448,916	111.21%
1999	\$12,175,030	\$11,697,769	\$13,354,679	114.16%
2000	\$11,026,795	\$9,915,755	-\$18,393,921	-185.50%
2001	\$13,576,133	\$14,770,445	\$4,631,875	31.36%
2002	\$12,818,643	\$11,830,869	\$2,426,999	20.51%
2003	\$13,057,678	\$11,671,741	\$3,402,619	29.15%
10-Year Total	\$135,205,807	\$132,394,138	\$62,714,439	47.37%

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LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY

